

Agenda Report

DATE:

JUNE 12, 2006

TO: CITY COUNCIL

FROM: CITY MANAGER

SUBJECT: ESTABLISHMENT OF THE PLAYHOUSE DISTRICT ASSOCIATION
PROPERTY-BASED BUSINESS IMPROVEMENT DISTRICT

RECOMMENDATION

It is recommended that the City Council:

1. Adopt a Resolution of Intention to establish the Playhouse District Association Property-Based Business Improvement District (Attachment 1), setting a Public Hearing for August 7, 2006 at 7:30 pm, and
2. Recognize the Council Action dated December 19th, 2005 committing to a funding plan to provide \$165,000.00 per year to the Playhouse District Association Property-Based Business Improvement District ("PBID").

BACKGROUND

The Playhouse District Association (PDA) was initially established by Council on May 14, 2001 and will expire December 31, 2006. The proposed new term is five years and if successful, will commence on January 1, 2007 and run until December 31, 2011.

PBID PROPOSAL

The proposed renewal of the PDA would have a five-year life span and assess an estimated \$628,316.00 in the first year. An additional \$165,000 would be contributed by the City for a total of \$793,316 in the first year. Subsequent year assessments could be increased up to five percent per year, or in accordance with increases in the Los Angeles-Long Beach Consumer Price Index (CPI), All Urban Consumers. The assessment would be derived from a 33-block area bound by Los Robles, the north frontage of Walnut, generally Catalina and the south frontage of Green Street.

of the proposed PBID is included in Attachment 2. The proposed budget of \$794,000 is to be spent as follows:

Design & Physical Enhancements: estimated 44% of yearly budget

- Parking Subcommittee and new Parking Administrator
- Development Issues Subcommittee
- Daily or as-needed pickup of litter on sidewalks, gutters, alleys and public parking areas
- Daily inspection and as needed emptying of sidewalk trash containers
- Weekly and bi—weekly mechanical sweeping of sidewalks
- Quarterly mechanical scrubbing/ steam cleaning of sidewalks
- Installation of benches, trash cans, bike racks and new trees, banners, signage and public art
- Efforts to obtain grants and funding to assist with an office corridor/ gateway designation along Lake Avenue.

Public Safety & Economic Enhancement: estimated 20% of yearly budget

Ambassador guides on foot or bicycle:

- Patrol District on days, evenings and weekends and report any crime, graffiti, debris, sidewalk and repair needs
- Assist shoppers/ customers with directions and by answering questions
- Provide maps, promotional materials and calendar of events
- Assist businesses and property owners in reporting problems and obtaining help

Marketing & Promotion: estimated 11 % of yearly budget

- Plans meeting, mixers & Cultural events
- Produces visitor map, brochures and maintains web site
- Organizes joint merchant promotional activities and regular advertising
- Provides media coverage of events and joint shopping promotions

Management & Operation: estimated 12% of yearly budget to:

Full-time staff to:

- Work with District committee and Board of Directors
- Assist property owners, often acting as an intermediary between them and City departments such as Public Works, Police, Zoning and Traffic
- Arrange strong representation at appropriate commission and City Council meetings
- Keep Association members informed of legislation or projects that impact District
- Oversee District subcommittees working with the City on issues such as parking and traffic

- Manage District events/ promotions and maintain regular communication through notices and newsletters

Process

The California State Law governing 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 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 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 in 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 collection by the County Tax Assessor. The County returns the assessments funds to the City, and it is anticipated that the City will contract with the PDA to provide the PBID services to the District in accordance with the Management Plan. The PDA is required to abide by the Brown Act. The production of an annual report and an annual audit are required from the PDA.

Per the requirements of the PBID law, PDA has created the Playhouse District Association PBID – A Management Plan (Attachment 3) and has collected petitions representing over the legal minimum of 50% of assessed value plus \$1, in the 33-block district as of June 12, 2006. The PDA hosted a series of meetings and continues community outreach to encourage support for PBID formation through the balloting phase.

USE OF FUNDS AND BASELINE SERVICES AGREEMENT

The City contribution to the PBID is \$165,000 annually and is fixed, not subject to CPI increase and represents the an increase over the primary term for the purpose of assisting the PDA in identifying solutions to parking concerns in the PDA through the hiring of a PDA Parking Administrator.

The PDA will use the City funding of \$165,000 for the purposes of staffing a parking administrator position and will not use any of the City's \$165,000 for the renewal of the PBID.

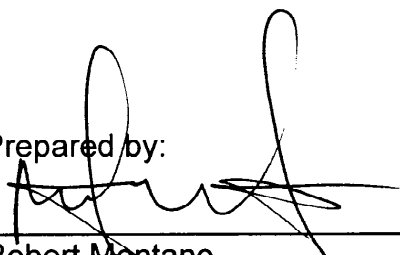
There are no recommended changes to the Baseline Services Agreement. The baseline services are attached as Attachment 4. Authorization to execute to Baseline Services Agreement will occur at the Public Hearing should the PDA achieve the minimum threshold vote necessary to form the PBID. The Baseline Services

Agreement authorized in 2001 was written to terminate with the termination of the primary term.

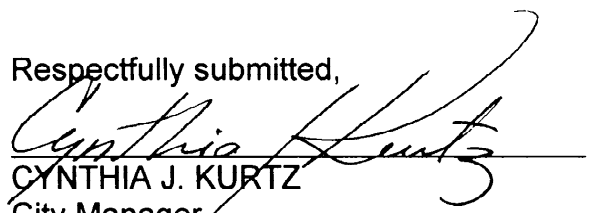
FISCAL IMPACT

The City will contribute to the PBID \$165,000 per year for five years commencing January 1, 2007. This level of funding was authorized by Council on December 19, 2005 using the following funding sources:

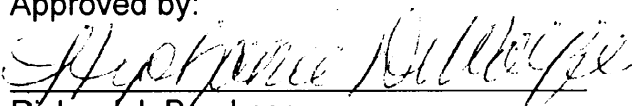
Pasadena Community Development Commission Funds:	\$111,000.00
Playhouse Parking Fund 229:	\$50,000.00

Prepared by:


Robert Montano
Business District Coordinator

Respectfully submitted,


CYNTHIA J. KURTZ
City Manager

Approved by:


for Richard J. Bruckner
Director of Planning and Development

Attachment 1

Resolution

RESOLUTION NO. _____

A RESOLUTION OF THE CITY OF PASADENA STATING ITS INTENTION TO FORM THE PLAYHOUSE DISTRICT ASSOCIATION PROPERTY-BASED BUSINESS IMPROVEMENT DISTRICT AND TO LEVY AND COLLECT ASSESSMENTS WITHIN SUCH DISTRICT PURSUANT TO THE PROPERTY AND BUSINESS IMPROVEMENT DISTRICT LAW OF 1994, PART 7 OF DIVISION 18 OF THE CALIFORNIA STREETS AND HIGHWAYS CODE, AND APPOINTING A TIME AND PLACE FOR HEARING OBJECTIONS THERETO

WHEREAS, the Property and Business Improvement District Law of 1994, Part 7 of Division 18 of the California Streets and Highways Code, commencing with Section 36600, (the "Law") authorizes cities to establish property and business improvement districts within business districts to promote the economic revitalization and physical maintenance of such business districts; and

WHEREAS, the Law authorizes cities to levy and collect assessments on real property within such districts for the purpose of providing improvements and promoting activities that specially benefit real property within such districts; and

WHEREAS, Articles XIIC and XIID of the California Constitution and Section 53753 of the California Government Code impose certain procedural and substantive requirements relating to the levy of new or increased assessments; and

WHEREAS, a written petition has been submitted by property owners within the Playhouse District business district requesting the City Council to initiate proceedings pursuant to the Law to establish a property and business improvement district to be named the Playhouse District Association Property-based Business Improvement District; and

WHEREAS, such petition was signed by property owners in the proposed district who will pay more than fifty percent (50%) of the assessments proposed to be levied; and

WHEREAS, a Management District Plan entitled the "Playhouse District Association Property-Based Business Improvement District – a Management Plan" (the Management District Plan) has been prepared and submitted to the City Clerk, containing all of the information required by Section 36622 of the Law, including a description of the boundaries of the district, the improvements and activities proposed for the district, and the cost of such improvements and activities; now therefore be it

RESOLVED, that the Pasadena City Council declares as follows:

Section 1. Pursuant to Section 36621(a) of the Law, the Pasadena City Council declares its intention to form a property and business improvement district to be designated the "Playhouse District Association Property-based Business Improvement District" (the "District") and to levy and collect assessments against lots and parcels of real property within the District, commencing with calendar year 2007.

Section 2. The City Council hereby approves the Management District Plan, on file in the office of the City Clerk.

Section 3. The City Clerk shall make the Management District Plan and other documents related to the District available to the public for review during normal business hours Monday through Friday 7:30 a.m. – 5:30 p.m.

Section 4. NOTICE IS HEREBY GIVEN that the City Council shall conduct a public hearing on the establishment of the District and the levy and collection of assessments for calendar year 2007 on August 7, 2006 at 7:30 p.m. or as soon thereafter as the matter may be heard, in the Pasadena Senior Center, Multi-Purpose Room at 85 East Holly Street. At the public hearing, the City Council will consider all objections or protests, if any, to the proposed establishment of the District and the proposed assessment. Any interested person may present written or oral testimony at the public hearing.

Section 5. The exterior boundaries of the proposed District include an approximately 33-block area bounded by Los Robles, Walnut Avenue, generally Catalina, and generally Green Street.

Section 6. The proposed improvements and activities for the District include providing security, sanitation, street and sidewalk cleaning and other municipal services supplemental to those normally provided by the City; marketing, and other improvements and activities which benefit businesses and real property located in the District.

Section 7. The assessment proposed to be levied and collected for calendar year 2007 is \$793,000. The amount to be levied and collected for subsequent years up to a total of 5 years may also be increased, by an amount not to exceed three percent per year, in accordance with increases in the Consumer Price Index, All Urban Consumers, for the Los Angeles-Riverside-Orange County metropolitan area.

Section 8. The City Clerk, or her designee, is hereby authorized and directed to cause notice to be given of the public hearing as provided in Section 53753 of the Government Code and Article XIID, Section 4 of the California Constitution.

Adopted at the regular meeting of the City Council on the ____ day of _____,
2006, by the following vote:

AYES:


NOES:

ABSENT:

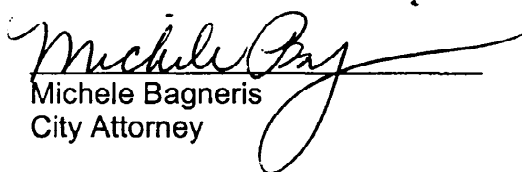
ABSTAIN:

JANE L. RODRIGUEZ, CITY CLERK

Approved as to form:



Robin Harris
Special Counsel

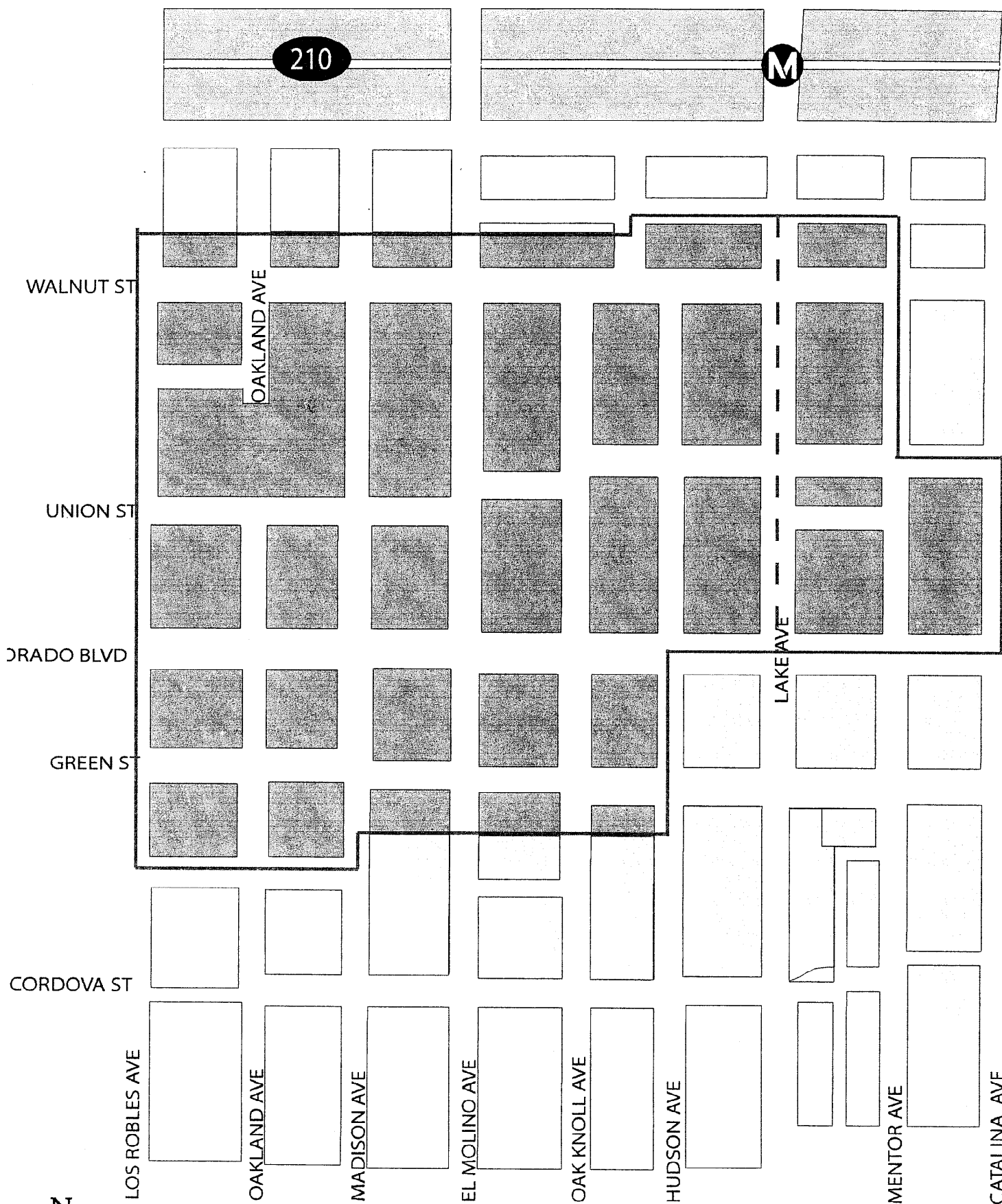


Michele Bagneris
City Attorney

Attachment 2

Map of Proposed PBID

Proposed Playhouse District



Attachment 3

PDA Association Management Plan

1.0 DISTRICT SUMMARY

The Playhouse District Association PBID is a property-based Business Improvement District being renewed and expanded by a consortium of progressive business and property owners within the greater Playhouse District. The purpose of this district is to provide and manage supplemental services and improvements for this important business center, including a "clean and safe" program, a professional marketing and business promotion program, and a program of installing and upgrading physical amenities throughout the greater Playhouse District. The PBID is a unique benefit assessment district that will enable the District property owners, working as a unit, to fund needed property related improvement programs and projects above what can be provided by the City of Pasadena on a regular basis. PBIDs such as the one being proposed have been successfully used in some 2000 business districts throughout the US and Canada. Currently, there are dozens of PBIDs being formed and/or renewed within the Southern California area.

- Location:** Playhouse District - bounded roughly by Walnut/Locust on the north, Mentor/Catalina/Hudson on the east, Colorado/Green/El Dorado on the south, and Los Robles Avenue on the west
- Services:** Maintenance, public safety, image enhancement, promotions, physical amenities and related management and operation services.
- Finance:** Benefit assessment of 464 parcels of real property
- Budget:** PBID assessment revenue for Year 1 is projected to be \$628,316. Additional Year 1 revenues from grants, dues and interest are estimated at \$161,650 for a total projected Year 1 budget of \$789,966.
- Cost:** There are two benefit zones (See enclosed map). In Zone A, Year 1 property assessment rates per parcel are 5 cents per square foot of land, plus 5 cents per square foot of building, plus \$7 per linear foot of street frontage and in Zone B, the rates are 3.8 cents, 3.8 cents and \$5.25 respectively. For institutional/non-profit owners and residential uses of 5 or more units, the entire assessment shall be reduced by 50%. Residential uses of 1 to 4 units shall be assessed at the flat rate of \$100 per year per unit. An overall building area cap of 2 times the floor area ratio (F.A.R.) shall be used for calculating the building area portion of commercial assessments. Mixed use development assessments shall be pro-rated based on the ratios of each respective use.
- Cap:** Assessments are subject to increases in the annual Los Angeles - Long Beach Consumer Price Index for all urban consumers or the Owner's Association Board approval of an amount not to exceed 3% per year.
- Formation:** District formation requires submission of petitions from property owners representing at least 50% of the total assessment to be levied. In addition, a balloting of property owners who will be assessed is required whereby, returned ballots in support of the PBID must not be "outweighed" by those returned in opposition to the PBID based on the amount of assessment to be levied.
- Duration:** The PBID will have a life of five (5) years. After five years, the petition and balloting process must be repeated in order to renew the district and levy assessments.

WHAT ARE PROPERTY-BASED BUSINESS IMPROVEMENT DISTRICTS (PBID)?



– AND WHY ARE THEY GROWING?

A Property-based Business Improvement District or PBID provides essential services over and beyond those generally offered by a City or individual property owners. Usually an Association is formed to provide services that often include group marketing, safety and maintenance programs and improved physical amenities. These services are concentrated in a distinct geographic area and are paid through a special property owner assessment. A Board of Directors representing property owners oversees the work of the Association and the PBID.

The Playhouse District PBID has been operating for five years and has provided significant resources to fund the Playhouse District Association. The PBID is now scheduled for renewal. One of the most important and valued functions of the Association has been to develop and strengthen the relationship between property owners/businesses in the District and the City of Pasadena. The results of this cooperation have benefited both the District and the City. According to the most recent figures from the City, housing/condo values per square foot rose 94% from 2001 to 2005. Sales tax also increased by 37% from 1999 to 2004. This means that sales taxes are more than four times what they were in 1994, when merchants first began talking about a Playhouse district Association that would be funded by the PBID. These statistics go to show the importance of the Association and its mission of promoting *Culture, Commerce and Community* within the District. Issues of zoning, planning, transportation and security that eventually confront all businesses are now worked on cooperatively and for the benefit of both the City and the property owners. Prior to the formation of the PBID, there was no united voice and each property owner had to deal individually with the issues such as zoning and permits.

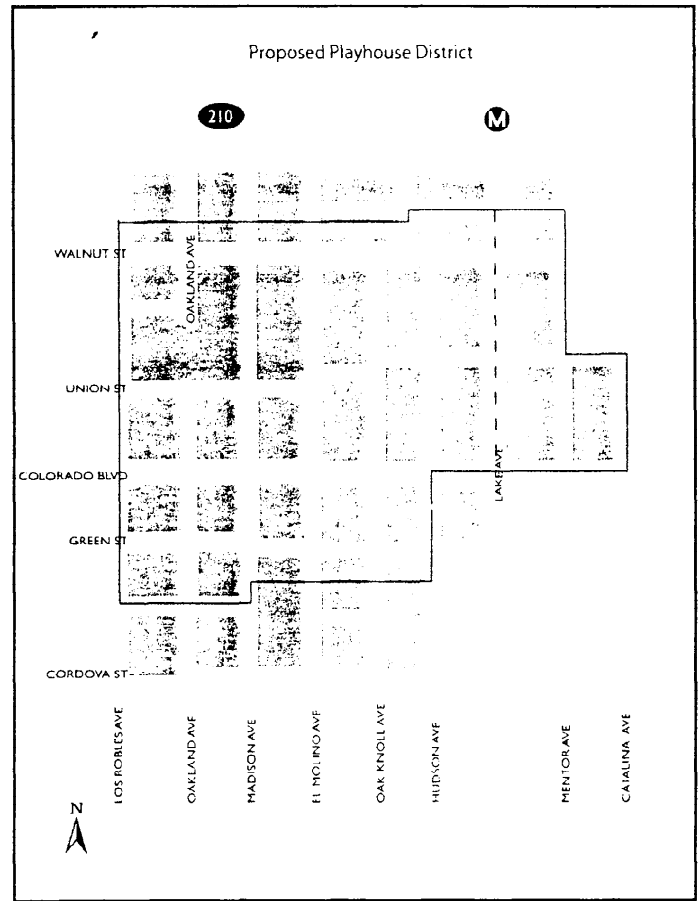
Are PBID's effective? Throughout the United States and Canada there are now well over 1,500 PBIDs with new ones coming on line daily. The effectiveness of PBIDs in California is confirmed by the fact that virtually every existing PBID has not only been successfully renewed after its initial five-year period but many have expanded their boundaries and programs due to their initial success and overwhelming support by the property owners who are paying for them. Once formed, the law requires that a PBID (Business Improvement District) be reaffirmed through a petition process every five years which is what the Playhouse District is doing now. Support for the District is demonstrated by gathering signatures on petitions from property owners representing more than 50% of the assessments paid.

DISTRICT BOUNDARIES AND PROFILES



Playhouse District Where Pasadena Does Business and more:

- 34 square-blocks immediately south of 210 Freeway and easily accessible from Lake Avenue exit
- Home to major high-end office corridor and gate-way to Pasadena's professional business district and Lake Avenue office towers
- More than a 1,000 businesses
- More than a thousand residential units
- 10.5 miles of street frontage
- Six miles of streets
- 6.1 million square feet of land
- 6.3 million square feet of building space



Your Neighbors on THE PLAYHOUSE DISTRICT BOARD:

Lyla White, *President*
Dan Lien, *Vice President*
Paul Jacoy, *Secretary*
John Hornick, *Treasurer*

Don Cotten
Ken McCormick
Marcia Jacobs Nunnery
Abel R. Ramirez
Joel Sheldon

STAFF:
Catherine Haskett Hany,
Executive Director
Nicole Fakoory,
Administrative Assistant

WHO BENEFITS FROM THE PBID?



All property owners and businesses benefit from a Business Improvement District that provides:

- Cleaner sidewalks, streets and common areas
- Measurable public safety improvements including better street lighting, sidewalk repair and guides that patrol the area both day and evenings offering visitor assistance
- Greater pedestrian activity due to the business/services mix
- Mixed-use projects that bring new residents to live, work and shop in the district
- Strong representation and increased recognition at City Hall
- A structure for working with the City on issues such as parking and transportation
- Joint business promotional programs
- Enhanced business sales and increased property values

Benefits to retail and service businesses, entertainment venues and restaurants due to:

- An increased customer base from new residential units and active group promotional campaigns
- A greater mix of restaurants, boutique stores, book and fine gift shops allowing customers to pursue a variety of activities in close proximity to one another - businesses benefiting businesses and cultural institutions

Benefits to medical, professional and financial services businesses due to:

- Increased activity by Ambassador Guides and enhanced cleanliness and safety attracting new customers
- Client entertainment made easier by a variety of restaurants and services

Benefits to Churches, fraternal groups, schools and cultural institutions due to:

- Safe and cleaner environment for meetings and services at any time, day or evening
- One-stop for multiple activities – theatres, museums, church services or concerts, book stores, restaurants or professional and business services.

Benefits to residents due to:

- Full-service urban village adjacent to coffee houses and other amenities
- Reduced transportation costs due to a pedestrian environment close to businesses/services

BUDGET AND SERVICES



The services listed below are provided by the PBID to all property owners, businesses and residences within the Playhouse District. These services are above and beyond those that the City is able to provide. For example, the City currently supplies NO area-wide litter and debris pickup, mechanical sidewalk sweeping or steam cleaning/scrubbing. The City budget only allows mechanical street sweeping by trucks approximately every other week while trash containers are emptied about three times a week. There is no program for bin replacement or repair.

Design & Physical Enhancement at 44.69% of yearly budget:

- Parking Subcommittee and new Parking Administrator
- Development Issues Subcommittee
- Daily or as needed pickup of litter on sidewalks, gutters, to alleys and public parking areas
- Daily inspection and as needed emptying of sidewalk trash containers
- Weekly and bi-weekly mechanical sweeping of sidewalks
- Quarterly mechanical scrubbing/steam cleaning of sidewalks
- Installation of benches, trash cans, bike racks and new trees, banners, signage and public art
- Efforts to obtain grants and funding to assist with an office Corridor/Gateway designation along Lake Avenue

Public Safety & Economic Enhancement at 20.65% of yearly budget:

Ambassador Guides on foot or bicycles:

- Patrol the District on days, evenings and weekends and report any crime, graffiti, debris, sidewalk and repair needs
- Assist shoppers/customers with directions and by answering questions
- Provide maps, promotional materials and calendars of events
- Assist business and property owners in reporting problems and obtaining help

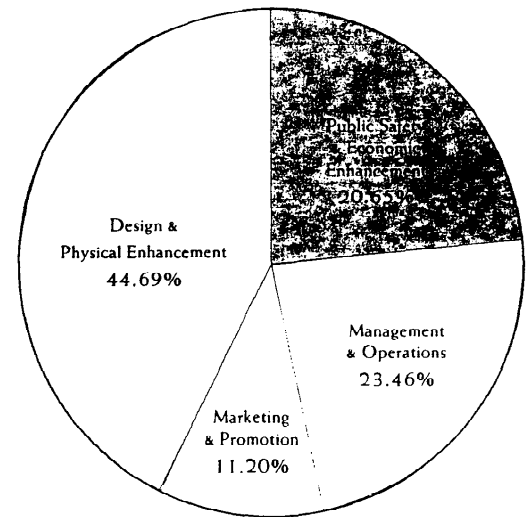
Marketing & Promotion at 11.20% of the yearly budget:

- Plans meetings, mixers & cultural events
- Produces visitor map, brochures and maintains web site
- Organizes joint merchant promotional activities and regular advertising
- Creates events that attract people to the District
- Provides media coverage of events and joint shopping promotions

Management & Operations at 23.46% of the yearly budget:

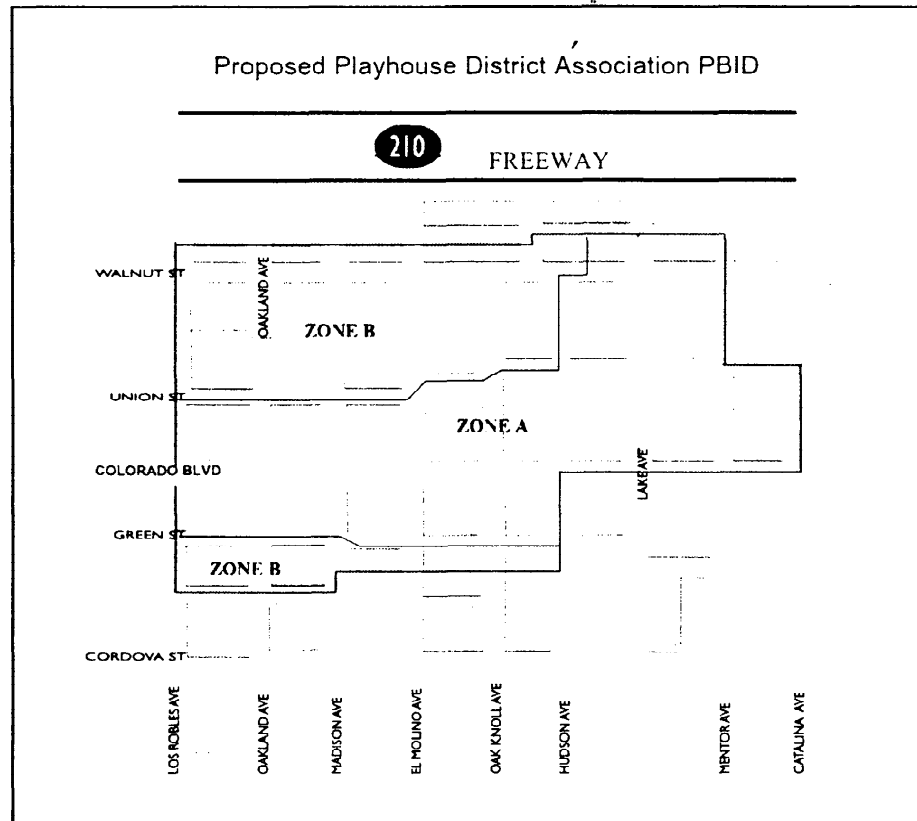
Full-time staff to:

- Work with District committees and Board of Directors
- Assist property owners, often acting as an intermediary between them and City departments such as Public Works, Police, Zoning and Traffic
- Arrange for strong representation at appropriate commission and City Council meetings
- Keep Association members informed of legislation or projects that impact District
- Oversee District subcommittees working with the City on issues such as parking & traffic
- Manage District events/promotions and maintain regular member communication through notices and newsletters



**APPROXIMATE YEARLY BUDGET
OF \$630,000
PLUS \$165,000 FROM
CITY OF PASADENA FOR
PARKING ADMINISTRATION**

PBID PROPOSED ASSESSMENT FORMULA



PDA PBID Proposed Assessment Formula

$$\text{PBID Assessment} = \text{Street Frontage Fee} + \text{Land Area Fee} + \text{Building Area Fee}$$

Base Assessment Rates

	<u>Zone A</u>	<u>Zone B (75% of Zone A rates)</u>
<u>Street Frontage Fee</u>	\$ 7.00/LF	\$ 5.25/LF
<u>Land Area Fee</u>	5 cents/SF	3.8 cents/SF
<u>Building Area Fee</u>	5 cents/SF	3.8 cents/SF

Special Circumstances

1. Residential only uses of 1 to 4 units are set at a flat rate of \$100 per unit.
2. Residential only uses of 5 or more units are set at 50% of respective base assessment rates.
3. Non-profit owned and occupied properties are set at 50% of respective base assessment rates.
4. Commercial building areas are capped at a floor area ratio (F.A.R.) of 2.0.
5. Properties zoned solely for single family residents shall not be assessed.
6. Mixed-use development assessments are based on pro-rated fees for each respective use.

THE PBID MEANS BUSINESS

Across the country, PBIDs and the Associations they fund are growing. Not only are they augmenting the safety and cleaning services that rapidly developing cities have difficulty funding, they also bring businesses together to speak with one voice. In Pasadena where new laws and restrictions require businesses and government to work together on a regular basis, the role of the Playhouse District Association has become extremely important. The City now knows who to contact about District issues.

The Association knows who to contact at City Hall to get results for merchants and property owners. This strong relationship, based on mutual respect and cooperation, has brought benefits to the District and the City, both of whom are dedicated to a better and more prosperous Pasadena.

FIVE YEARS OF ACTION

- According to recent figures from the City of Pasadena, housing/condo values per square foot rose 94% from 2001 to 2005.
- The City of Pasadena has seen a sales tax increase within the Playhouse District of 37% from 1999 to 2004, more than four times what they were when the District started
- Working with a grant from the City of Pasadena, the Playhouse District Association is hiring a Parking Administrator to work on solutions to parking and traffic issues within the District
- Street and sidewalk cleaning and debris removal are operating on an accelerated schedule

A FUTURE FOR BUSINESS

- The Playhouse District Association (PDA) expects to initiate a collaborate planning effort with the South Lake Business District and the City of Pasadena to create a Gateway or visually striking entry at Lake Avenue and the 210 freeway leading to a business corridor down Lake Avenue to California Boulevard. Unified streetscapes, improved lighting and signage will distinguish this heavily traveled artery and important location for many of Pasadena's most prestigious office towers.
- Through a special grant from the City of Pasadena, a full-time parking administrator will work with Association members in implementing parking mitigation measures. Included in the job description will be the development of a cooperative management program to connect businesses short of parking with those who have excess parking, creation of an advisory parking commission and a plan to work with property owners to develop new parking for private and public use.



Attachment 4
Baseline Services

ATTACHMENT 4

BASELINE LEVEL OF SERVICES PROVIDED BY CITY OF PASADENA

<u>ACTIVITY</u>	<u>LEVEL OF SERVICE</u>
Police Services	
1. Patrol	11 officers, seven days a week, twenty-four hours per day, in the Midtown area, which includes Playhouse.
2. Special Problems Unit	Service of citywide unit as required.
Maintenance Services	
1. Lighting	Lights changed on as needed basis. Necessary upkeep and maintenance of lighting. Preventative maintenance every nine months.
2. Graffiti Removal	Two trucks, operated seven days a week on a citywide basis. Response to calls from Hotline number and police officers. Service provided at no charge to building owner.
3. Vacant Lots Maintenance	Response to reports of owners not maintaining their property
4. Parking Off-Street Lots	Maintenance of two City-owned parking lots through private contractor. Trash, Landscape and Sweeping is completed weekly. Signage, Lighting and Equipment Maintenance is completed as needed.
5. Parking On Street	Maintenance of parking spaces and meters, including repairing and painting meters.
6. Street Sweeping /Maintenance	Machine sweeps once every two weeks on Friday, twenty-six times per year. Street maintenance, including repairing pot holes, laying asphalt patches and maintaining storm drains.
7. Trash dumping	<p>Fast Food Litter Route at Los Robles and Colorado Blvd, and Lake and Colorado – every Friday.</p> <p>Bus Routes – Colorado Blvd and Walnut Street – Monday, Cordova and Los Robles – Tuesday, Lake Avenue – Friday</p> <p>Street Litter Containers along Colorado Blvd from Los Robles to Lake Street and along Lake Avenue from Colorado Blvd to California Blvd – Six days per week on Monday, Tuesday, Wednesday, Friday, Saturday and Sunday.</p>
8. Landscaping	Maintenance of street trees and tree wells and grates.
9. Landscaping - Tree Trimming	Pruning of ficus nitida trees on four-year pruning schedule. Pruning of other species are at varying schedules from four to fifteen years. Trees to be maintained and groomed.
10. Landscaping - Tree Planting	Planting and removal of trees as necessary.

Other Services	
1. Business recruitment and retention	Coordinated efforts with the DISTRICT, retailers and property owners to develop, attract and retain retail tenants, investors, office tenants and customers for Playhouse. The goal of this shall be to (1) work to gain new tenants and customers throughout the PDA on and off Colorado Boulevard; (2) develop programs to educate and retain independent business, per annual budget allocation.