

Agenda Report

June 6, 2016

TO: Honorable Mayor and City Council

FROM: Office of the City Manager, Economic Development Division

**SUBJECT: RENEWAL OF THE PLAYHOUSE DISTRICT ASSOCIATION
PROPERTY-BASED BUSINESS IMPROVEMENT DISTRICT (PDA,
PBID)**

RECOMMENDATION

It is recommended that the City Council:

1. Conduct a Public Hearing on the proposed renewal of the Playhouse District Association Property-based Business Improvement District (PBID); and
2. Find that adopting a resolution renewing the Playhouse District Association Property-based Business Improvement District is exempt from the California Environmental Quality Act (CEQA) per Section 15061(b)(3);

It is further recommended that upon closing of the Public Comment portion of the Public Hearing, that the City Council:

3. Order the tabulation of all ballots received and not withdrawn, and request a report on the tabulation results as soon as possible.

Upon receipt of the report on the tabulation of ballots, if the results of said tabulation show that a majority protest does not exist, it is recommended that the City Council:

4. Authorize the City Manager to enter the Baseline Services Contract and the Agreement for Services in the amount of \$212,474 with PDA-PBID.
5. Appoint the Playhouse District Association (acting by and through its Board of Directors) as the owners association for the purpose of making recommendations to the City Council on expenditures derived from the assessment, property classifications, as applicable, and on the method and basis of levying assessments.

6. Adopt a final resolution "Renewing the Playhouse District Association, Property-based Business Improvement District"

BACKGROUND:

The Playhouse District Association PBID is located in the center of historic "Downtown" Pasadena. The PDA PBID encompasses properties bounded roughly by Walnut on the north, Catalina on the east, Green Street on the south, and Los Robles Avenue on the west. The PBID is generally surrounded by residential neighborhoods on the north and the south and other business districts on the west, east and southeast. Based on information provided by the Los Angeles County Assessor's Office, there are 582 parcels within the PBID.

The programs and activities to be funded by the PDA PBID include: design & physical enhancements, organization/resource development, promotions & marketing, economic revitalization, and transit related activities. The property uses within the boundaries of the PBID that will receive special benefits from PBID funded programs, services and improvements are currently a mix of commercial, non-profit and residential.

On May 14, 2001, City Council established the PDA PBID and renewed it for two subsequent five-year terms. The current PBID operations term is set to expire on December 31st, 2016. The proposed new term is five years and if the subject PBID renewal is successful, operations will commence on January 1, 2017 and run until December 31, 2021. It is noted that the range of property tax years for levying the proposed PBID assessments is 2016-17 through 2020-21.

RENEWAL PROCESS

The California State Law governing the renewal of PBIDs requires a two-step property owner approval process. The first step is a petition phase whereby petitions must be collected that are signed by property owners in the proposed district whose combined assessments exceed 50% of the proposed assessment. The second step of the approval process is a ballot phase whereby PBID renewal ballots are sent out to each property owner in the proposed renewed District.

As required by State PBID Law, prior to initiating the petition phase, PDA developed a Management District Plan that was provided at the April 11 City Council meeting, which sets the PBID boundaries and benefit zones and guides the next proposed five year PBID work plan, budget and assessment rates and methodology. As of March 10, 2016, PDA has collected petitions exceeding the 50% minimum threshold.

In order for the PDA PBID renewal to proceed, it is necessary for the City Council to adopt a resolution of intention to renew the PBID. On April 11, 2016, the City Council adopted Resolution 9494 that stated its intent to renew the PBID and authorized the City Clerk to mail a ballot for the renewal 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 a 45-

day public notice. In order for the district to be renewed, 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 on the parcels represented by returned ballots. The City Council may then renew the assessment district by adopting a final resolution.

It should be noted that changes in the enabling legislation have altered the means by which PBIDs assess property relative to the City’s obligation. This change in the law was addressed in the Old Pasadena PBID, which renewed last year, and will also apply to the South Lake Association next year. Information on the new legislation is provided in further detail below.

Change in State Law – New General Benefit- Public At Large

The Assessment Engineer’s Report (Report), required by State Law when renewing a BID for a five year term, computed the General Benefit of the PBID on the public at large as well as parcels outside of the PDA PBID. The Report determined that the General Benefit would equate to \$47,474 or about 5% of the total PBID Assessment Revenues, which cannot be paid for with assessments levied on parcels within the PBID. It is recommended that the City pay the General Benefit amount as is the case as it relates to the Old Pasadena PBID.

BID PROPOSAL

The proposed renewal of the PDA would have a five-year life span and assess an estimated \$902,000 in the first year. Subsequent annual increases on the assessments are capped at a maximum of 5% per year, subject to approval by PBID Property Owner Association Board of Directors. The assessment would be derived from a 33-block area bound by Los Robles on the west, the north frontage of Walnut Street, Catalina Avenue north of Colorado Boulevard and Hudson south of Colorado Boulevard on the east and the south frontage of Green Street. The proposed budget of \$902,000 is to be spent as follows:

Expenditures		
ACTIVITY	Allocation	%
Design and Physical Enhancement (maintenance and amenities)	\$287,700	32%
Economic Enhancement (safety ambassadors)	\$294,300	33%
Organizational Resources (administration)	\$138,000	15%
Promotions and Marketing	\$181,200	20%
TOTAL	\$902,000	100%

CITY CONTRIBUTION AND BASELINE SERVICES AGREEMENT

As recommended, in addition to the \$902,000 budget, the City would contribute an additional \$212,474 for a total budget of \$1,114,474 in the first year. Out of the \$212,474, \$165,000 is fixed, not subject to CPI increases and supports the PDA efforts

to identify and implement transit related solutions. The City has been providing this support since 2006. The contribution includes the assessments applied to City-owned parcels within the District. The remaining balance \$47,474 is for the General Benefit. There are no recommended changes to the Baseline Services Agreement.

The assessments are billed with the property tax bill and collected by the County Tax Assessor, which are then transferred to the City. It is anticipated that the City will again contract with the PDA to receive the PBID assessment funds and fulfill the goals and objectives of the Management Plan for the District. The PDA is required to abide by the Brown Act and must submit an annual report and will be audited in accordance with the City's policy and funding guidelines. The map of the proposed district is included as Appendix A of the Management District Plan.

COUNCIL POLICY CONSIDERATION:

Adoption of the Playhouse District Property-based Business Improvement District (PBID) is a means to enable property owners the ability to voluntarily self-levy through property taxes thereby creating a source of funds to reinvest within the District for a variety of coordinated programs. Such an investment furthers the principles of some of the General Plan's Guiding Principles including:

1. Supporting economic vitality to provide for employment opportunities
2. Enhancing revenues
3. Supporting a healthy family community by contributing to a safe and clean commercial core
4. Supporting the notion of Pasadena as a cultural, scientific, corporate, entertainment and educational center for the region.

This action also furthers the City Council Strategic Plan Goal to promote the quality of life and local economy.

ENVIRONMENTAL ANALYSIS:

The action proposed herein is exempt from the California Environmental Quality Act (CEQA), pursuant to State CEQA Guidelines Section 15061(b)(3). The activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

The proposed action is the renewal of the Playhouse District Association property based Business Improvement District for an additional five-year term. The PBID will allow an assessment to collect funds that are used in the Playhouse District to promote economic vitality in the area. No specific projects are being analyzed at this time. Any future project that results from the use of the funds shall be reviewed under its own merits at the time of project submittal for purposes of CEQA.

FISCAL IMPACT:

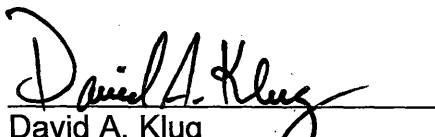
As proposed, the City's contribution would be \$212,474 per year and will be paid from revenue received from the Madison Avenue and El Molino Avenue parking lots located within the Playhouse District.

Respectfully submitted,

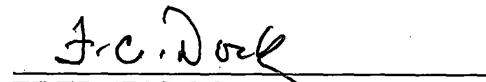


ERIC P. DUYSHART
Economic Development Manager
Department of the City Manager

Prepared by:


David A. Klug
Senior Project Manager

Concurred by:


FREDERICK C. DOCK
Director
Department of Transportation

Approved by:


STEVE MERMELL
Interim City Manager