

## Attachment 2 – Management Plan

**SOUTH LAKE AVENUE  
PROPERTY & BUSINESS IMPROVEMENT DISTRICT  
RENEWAL**

**MANAGEMENT DISTRICT PLAN**

*Formed in 2007 - Renewed in 2012 - Being Renewed Again for 5 Years Pursuant to California Streets and Highways Code  
Section 36600 et seq. - Property Business Improvement District Act of 1994, as amended*

***PRESENTED BY:***

**THE SOUTH LAKE BUSINESS ASSOCIATION**

**OCTOBER 2016**

V1.1

# MANAGEMENT DISTRICT PLAN

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## **SOUTH LAKE AVENUE PBID - MANAGEMENT DISTRICT PLAN SUMMARY**

The South Lake Avenue PBID is a Property and Business Improvement District (SLA PBID) being renewed for a 5 year period by a consortium of property and business owners within the PBID. The SLA PBID was originally formed in 2007 for a 5 year period and was renewed in 2012 for a 5 year term and is now being renewed again for a 5 year term. The purpose of this renewed PBID is to continue 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, a program to enhance the physical environment and amenities and professional management of these programs and services throughout the South Lake Avenue Business District. The PBID is a unique benefit assessment district that will enable the SLA PBID property owners, businesses and residents working as a unit, to continue to fund needed property and business related improvement programs, services and programs above what can be provided by the City of Pasadena.

- Name:** The name of the PBID is the South Lake Avenue Property & Business Improvement District (SLA PBID).
- Location:** The SLA PBID is located in the center of Pasadena and is bounded roughly by Colorado Boulevard, Mentor Avenue, California Boulevard and Hudson Avenue.
- Zones:** There is one benefit zone within the renewed PBID.
- Services:** Maintenance, public safety ambassadors, image enhancement, promotions, physical amenities and related management and operation services in order to maintain a clean, safe, competitive and high-quality business and residential environment.
- Finance:** Benefit assessment of real property (444 parcels). No bonds shall be issued to fund SLA PBID programs.
- Budget:** PBID assessment revenue for Year 1 (2017-18) is projected to be \$662,636. It is noted that the Assessment Engineer has determined that general benefits equate to 4.3% of the total adjusted PBID program costs of \$692,119 or \$29,483. General benefit costs shall be derived

from non-assessment revenue sources such as grants, program income, credits, interest, memberships and other sources.

**Year 1 – 2017-18 PROPOSED BUDGET SUMMARY (ASSESSMENT REVENUES)**

ACTIVITY	Allocation	%
1.0 Maintenance Services (includes amenities)	\$161,000	24%
2.0 Ambassador Program	\$177,700	27%
3.0 Marketing/Promotions	\$173,600	26%
4.0 Administration/Operations	<u>\$150,336</u>	<u>23%</u>
<b>TOTAL</b>	<b>\$662,636</b>	<b>100%</b>

**Benefits:** “General Benefit” is defined as: “A benefit to properties in the area and in the surrounding community or benefit to the public in general resulting from the improvement, activity, or service to be provided by the assessment levied”. “Special Benefit” as defined by the California State Constitution means a distinct benefit over and above general benefits conferred on real property located in the PBID or to the public at large.

**Formula:** There is one benefit zones in the SLA PBID. (A map showing the PBID boundaries is shown on Appendix 2 attached to this Plan). Year 1 property assessment rates per parcel are \$0.07154 per square foot of building, plus \$0.08481 per square foot of land, plus \$13.14281 per linear foot of Lake Avenue street frontage, plus \$6.57087 per linear foot for all other frontages. Parcels with residential uses of 1 to 5 units (including residential condominiums) shall be assessed at the Year 1 rate of \$0.107 per square foot of building area. Parcels with residential uses of 6 or more units shall be assessed at 50% of the regular rates. Mixed use development building area assessments shall be pro-rated based on the ratios of each respective use.

**Cap:** Assessment increases are capped at a maximum of 5% per year, subject to approval by the PBID Property Owner Association (SLBA) Board of Directors.

**Renewal:** PBID renewal is a two-step process. First, petitions signed by PBID property owners representing at least 50% of the total assessment to be levied must be secured. Second, property owners will be sent a ballot to vote on the PBID renewal. Returned ballots in support of the PBID renewal must outweigh those in opposition based on the amount of assessment to be levied.

**Duration:** The renewed PBID will have a term of five (5) years. After five years, the petition and balloting process must be repeated in order to renew the PBID and levy assessments again at that time.

## **II. PBID BOUNDARIES**

### **General Setting**

The SLA PBID is located in the center of historic "Downtown" Pasadena. The SLA PBID encompasses properties bounded by Colorado Boulevard on the north, Mentor Avenue on the east, 260 feet south of California Boulevard on the south, and Hudson Avenue on the west. This area is a vibrant center of commerce, dining, employment and livability. The PBID is generally surrounded by residential neighborhoods on the east, west and the south and other business districts on the north, northeast and northwest. Based on information provided by the Los Angeles County Assessor's Office, the City of Pasadena and field reviews, there are 447 parcels within the renewed PBID, of which 444 are identified as assessable within the meaning of State Law and the assessment methodology developed and applied by the Assessment Engineer. The boundaries of the proposed renewed SLA PBID are shown on the map of the proposed renewed SLA PBID included as Appendix 2 at the end of this Plan. More specifically, the SLA PBID boundaries are described as follows:

Beginning at a point where the center line of Colorado Boulevard intersects with the center line of Mentor Avenue, thence southerly along the centerline of Mentor Avenue to the southerly right-of-way line of San Pasqual Street, thence easterly along the right-of-way line to the northeasterly corner of Lot 12, San Pasqual Tract (Book 5327, Page 1), thence southerly along the easterly line of said Lot 12 to the northerly line of Lot 8, Oak Villa Tract (Book 5327, Page 2), thence easterly along the northerly line of said Lot 8 to the northeasterly corner of said Lot 8, thence southerly along the easterly lot line of said Lot 8 extending to the centerline of California Boulevard, thence westerly along the centerline of California Boulevard to a point where the centerline of California Boulevard intersects with the centerline of Mentor Avenue, thence southerly along the centerline of Mentor Avenue to a point in line with an extension of the southerly line of Lot 8 (Book 5327, Page 20), thence westerly along the southerly line of said Lot 8 to the southwesterly corner of said Lot 8, thence southerly to the southeasterly corner of Lot 2, (Book 5327, Page 20), thence westerly along the southerly lot line of said Lot 2 extending to the centerline of Lake Avenue, thence southerly to a point extending from the southeasterly corner of Lot 22, Oakwood Tract (Book 5721, Page 27), thence westerly along the southerly line of said Lot 22 to the southwesterly corner of said Lot 22, thence northerly along the westerly line of said Lot 22 to the northwesterly corner of said Lot 22, thence westerly

along the northerly line of Lot 17, Oakwood Tract (Book 5721, Page 27), fifty-five feet (55') thence northerly sixty-five feet (65') thence westerly extending to a point of intersection with the centerline of Hudson Avenue, thence northerly along the centerline of Hudson Avenue to a point where the centerline of Hudson Avenue intersects with the centerline of Colorado Boulevard, thence easterly along the centerline of Colorado Boulevard to point of Beginning.

**Benefit Zones:** There is one benefit zone in the SLA PBID.

### **PBID Boundary Rationale**

**Northern Boundary:** The northern boundary of the SLA PBID abuts the southern boundary of the existing Playhouse District Association PBID (centerline of Colorado Boulevard). State Law precludes two PBIDs from overlapping and, thus the northerly boundary was determined by this PBID law provision and set along this line with parcels north of the line not included in the SLA PBID.

**Southern Boundary:** The southern boundary of the SLA PBID was determined by zoning and land uses where parcels located to the south of the southern PBID boundary are zoned and developed solely with residential land uses while those north of the southern boundary are zoned commercial.\* State of California Streets and Highways Code Section 36632(c) conclusively presumes that properties zoned solely residential do not benefit from the improvements and service funded through PBID assessments, cannot be assessed and, thus, these single use neighborhoods are not included in the SLA PBID.

\*It is noted that two parcels on the west side of Lake Ave at the southern boundary are zoned R-1 but are used as commercial parking lots ancillary to commercial zoned and used parcels within the SLA PBID. These two R-1 zoned parcels are included in the SLA PBID boundaries but pursuant to State Law are not assessed.

**Eastern Boundary:** The parcels located to the northeast of the SLA PBID boundary primarily along Green Street are zoned and developed with commercial land uses but do not share the same marketing needs as the parcels within the SLA PBID boundaries and thus, are not included in the SLA PBID. The parcels located due east of the eastern boundary of the SLA PBID have residential zoning and land uses, and for the reason stated above, are not included within the SLA PBID.

**Western Boundary:** The northwest boundary of the SLA PBID boundary abuts the boundary of the existing Playhouse District Association PBID (centerline of Colorado Boulevard). Again, State Law precludes two PBIDs from overlapping and, thus the northwesterly boundary was determined by this PBID law provision and set along this line with parcels west of the line not included in the SLA PBID. The parcels located due west of the western boundary of the SLA PBID are zoned and generally developed with residential land uses, and for the reason stated above, are not included within the SLA PBID.

A list of all parcels included in the proposed SLA PBID is shown as Appendix 1, attached to this Plan with their respective Los Angeles County assessor parcel number. The boundary of the proposed SLA PBID is shown on the map of the proposed renewed SLA PBID attached as Appendix 2 to this Plan.

All identified parcels within the above-described boundaries shall be assessed to fund supplemental special benefit programs, services and improvements as outlined in this Plan and in the Assessment Engineer's Report. All PBID funded services, programs and improvements provided within the above described boundaries shall confer special benefit to identified assessed parcels inside the PBID boundaries and none will be provided outside of the PBID. Each assessed parcel within the SLA PBID will proportionately specially benefit from the PBID funded maintenance, ambassadors, marketing/promotions and administration/operations. These services, programs and improvements are intended to improve commerce, employment, rents and occupancy rates and investment return on parcels and businesses within the SLA PBID by reducing crime, litter and debris and professionally marketing goods and services available within the PBID, all considered necessary in a competitive properly managed mixed-use business district. All PBID funded services programs and improvements are considered supplemental, above normal base level services provided by the City of Pasadena and are only provided for the special benefit of assessed parcels within the boundaries of the SLA PBID.

### **III. Proposed 5 Year PBID Work Plan and Budget**

#### **Overview**

The Programs and activities to be funded by the SLA PBID include maintenance, ambassadors, marketing/promotions and administration/operations. 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 retail, service, restaurant, office and residential. PBID funded activities are primarily designed to provide special benefits as described below to identified assessed parcels and array of land uses within the boundaries of the PBID.

Assessed commercial parcels as well as commercial portions of mixed use parcels are conferred proportionate special benefits from all PBID funded programs, services and improvements which are intended to attract more customers, users, visitors, employees, tenants and investors. For these parcels, PBID programs, services and improvements are designed to increase business volumes, sales transactions, commercial occupancies, commercial rental income and return on investments. These programs, services and improvements are designed to improve commerce, security and aesthetic appeal for patrons, visitors and employees of these parcels within the SLA PBID by reducing crime, litter and debris and professionally marketing the array of goods and services available within the PBID, all considered necessary in a competitive properly managed mixed-use business district.

For commercially zoned residential parcels and residential portions of mixed use parcels within the PBID, each of these parcels and uses specially benefit, but differently than commercial type parcels, from PBID funded programs and services from the clean and safe, district identity and amenities programs designed to improve the cleanliness, security, marketability and livability of these parcels and residential units on them. The special benefits conferred on all residential parcels and units is proportionate to those conferred on commercial parcels within the SLA PBID. For these parcels, PBID programs, services and improvements are designed to increase residential occupancies, rental income and return on investments. These programs, services and improvements are designed to improve security and aesthetic appeal for owner residents, tenants, visitors and landlords of these parcels within the SLA PBID by reducing crime, litter and debris and professionally marketing the availability of residential units within the PBID and the District array of goods, services and activities, all considered necessary in a competitive properly managed contemporary mixed-use business district.

These benefits are particular and distinct to each and every identified and assessed parcel within the SLA PBID and are not provided to non-assessed parcels outside of the PBID. These programs, services and improvements will only be provided to each individual assessed parcel within the PBID boundaries and, in turn, confer proportionate "special benefits" to each assessed parcel.

In the case of the SLA PBID, the very nature of the purpose of this PBID is to fund supplemental programs, services and improvements to assessed parcels within the PBID boundaries above and beyond what is being currently funded either via normal tax supported methods or other funding sources. The City of Pasadena does not provide these programs and services. All benefits derived from the assessments to be levied on assessed parcels within the PBID are for services, programs and improvements directly benefiting each individual assessed parcel within the PBID. No PBID funded services, activities or programs will be provided outside of the PBID boundaries.

The projected 5 Year PBID assessment budget, assuming a 5% maximum annual assessment rate increase, is shown in the Table on page 14 of this Plan.

### **WORK PLAN DETAILS**

The proposed SLA PBID work plan is described in more detail as follows:

#### **Maintenance Services**

The Maintenance Services category includes regular maintenance of areas adjacent to each assessed parcel and placement/upkeep of physical amenities for the special benefit of each identified and assessed parcel and land use (i.e. retail, service, restaurant, office, parking and residential) within the SLA PBID. Maintenance Services includes manual cleaning and power washing of sidewalks/bus stop areas/trash bins, trash, debris and litter pickup and removal of posters, signs and stickers on street furniture and poles. Maintenance service levels and proportionate costs will be higher along Lake Avenue street frontages than other street and alley frontages and thus, assessment frontage rates are higher along Lake Avenue than other streets and alleys within the PBID. Types of physical amenities could include: additional street furniture such as benches and trash bins; seasonal banners; and other improvements, as approved by the SLA Board of Directors. This element also includes related management and operation costs.

This component is designed to specially benefit and improve the aesthetic appeal of each identified and assessed parcel within the PBID and attract more commercial customers and clients, employees, tenants, residents and investors which potentially would increase business volumes, sales transactions, occupancies,

rental income and return on investments. Image Enhancement improvements will only be provided for identified and assessed parcels and their businesses and occupants located within the PBID boundaries.

### **Ambassador Program**

The Ambassador Program component includes deploying ambassadors throughout the PBID. Ambassadors provide directions; handout business directories, maps, promotional material, respond to PBID related questions of business and property owners and employees, assist the SLBA with dissemination of newsletters, alerts, promotions and patrol for graffiti, crime, code violations, suspicious activities. This component also includes related management and operation costs.

The Ambassador Program component is designed to specially benefit each identified and assessed parcel and land use within the SLA PBID. This element is designed to professionally manage the safety, well-being and information dissemination for each assessed parcel within the PBID as a safe place to work, live, transact business, shop or dine. The Ambassador Program is designed to attract more customers, clients, employees, residents, tenants and investors which potentially would increase business volumes, sales transactions, occupancies, rental income and return on investments. The Ambassador Program will be provided only within the PBID boundaries and for the special benefit of identified and assessed parcels and the array of land uses within the SLA PBID.

### **Marketing & Promotions**

The Marketing and Promotions component includes newsletters, website and social media management, development and distribution of promotional materials, seasonal decorations, special events, media advertising and other programs that will promote the array of goods and services available within the SLA PBID. This component includes business development, recruitment and retention. This component also includes related management and operation costs.

The promotions and marketing component will include newsletters, website and social media management, development and distribution of promotional materials, seasonal decorations, special events, media advertising and other programs that will promote the array of goods and services available within the SLA PBID. This component also includes related management and operation costs.

This component is designed to specially benefit and improve the marketability of assessed parcels within the SLA PBID. This element is designed to attract more customers and clients, employees, tenants, residents and investors which potentially would increase business volumes, sales transactions, occupancies, rental income and return on investments. Marketing programs will only be provided for identified and assessed parcels located within the PBID boundaries.

### **Administration/Operations**

Included in the Administration/Operations component are the costs for internal staffing, overhead, accounting, legal, bank charges, annual report and Directors and Officers and General Liability insurance and other office and operation expenses. This component also includes County collection fees, allowance for delinquent assessment payments and other variable expenses related to each program element. A portion of PBID assessment funds remaining in the last two years of the proposed PBID renewal term may be used to develop the Management District Plan, Engineer's Report and related renewal costs for the following renewal term.

This component is key to the proper expenditure of PBID assessment funds and the administration of PBID programs and activities. This component exists only for the purposes of the PBID and will only be provided for matters specially benefitting each individual assessed parcel and land use within the SLA PBID.

In summary, all PBID funded services, programs and improvements described above confer special benefits to identified assessed parcels inside the PBID boundaries and none will be provided outside of the PBID. Each assessed parcel within the SLA PBID will proportionately specially benefit from the PBID funded maintenance, ambassadors, marketing/promotions and administration/operations. These services, programs and improvements are intended to improve commerce, employment, livability, rents, occupancy rates and investment return of parcels, businesses and residences within the SLA PBID by reducing crime, litter and debris and professionally marketing goods, services and spaces available within the PBID, all considered necessary in a competitive properly managed contemporary mixed-use business district. All PBID funded services programs and improvements are considered supplemental, above normal base level services provided by the City of Pasadena and are only provided for the special benefit of assessed parcels within the boundaries of the SLA PBID.

**PROGRAM & ACTIVITY BUDGET**

Each identified parcel within the SLA PBID will be assessed the full amount of the proportionate special benefit conferred upon it based on the level of PBID funded services provided within each benefit zone. The projected program special benefit assessment budget for the Year 1 (2018) of the renewed SLA PBID is shown in the following Table:

**Year 1 (2018) Projected PBID Budget**  
**(Assessment Revenue Only)**

<b>ACTIVITY</b>	<b>Allocation</b>	<b>%</b>
1.0 Maintenance Services (includes amenities)	\$161,000	24%
2.0 Ambassador Program	\$177,700	27%
3.0 Marketing/Promotions	\$173,600	26%
4.0 Administration/Operations	\$150,336	23%
<b>TOTAL</b>	<b>\$662,636</b>	<b>100%</b>

A detailed proposed Year 1 (2018) PBID budget is shown below in the Table below.

<b><u>MAINTENANCE SERVICES</u></b>					
SALARIES & WAGES					\$19,500
PAYROLL TAXES & BENEFITS					\$3,000
OPERATING SUPPLIES					\$1,000
STREETSCAPE AMENITIES					\$24,000
STREET/SIDEWALK CLEANING					\$41,000
SIDEWALK POWER WASH					\$52,500
MAINTENANCE & LANDSCAPE OTHER					\$5,000
GENERAL ADMIN/CONTINGENCY - MAINTENANCE					\$15,000
					\$161,000
<b><u>AMBASSADOR PROGRAM</u></b>					
OPERATING SUPPLIES					\$3,000
EQUIPMENT/UNIFORMS/RADIOS					\$7,500
PERSONAL SERVICES - CONTRACT SERVICES					\$148,700
GEN ADMIN/CONTINGENCY - AMBASSADOR					\$18,500
					\$177,700
<b><u>MARKETING/PROMOTIONS</u></b>					
SALARIES AND WAGES					\$30,500
PAYROLL TAXES & BENEFITS					\$5,000
TENANT RECRUITMENT & RETENTION					\$34,000
REGIONAL MARKETING & ADVERTISING					\$20,800
HOLIDAY CELEBRATIONS & EVENTS					\$50,000

NEWSLETTER & ANNUAL REPORT					\$4,000
PROMOTIONS					\$9,000
MEMBER SERVICES/MIXERS (1)					\$1,500
GENERAL ADMIN/CONTINGENCY- MARKETING					\$16,300
C.A.R.E.					\$2,500
					\$173,600
<b>ADMINISTRATION/OPERATIONS</b>					
SALARIES & WAGES					\$51,000
PAYROLL TAXES & BENEFITS					\$8,200
SUPPLIES					\$4,500
GENERAL ADMIN & OPERATIONS					\$76,206
OFFICE (FF&E)					\$500
EQUIPMENT MAINTENANCE & SERVICE					\$1,500
CONTINGENCY					\$8,430
					\$150,336
<b>GRAND TOTAL</b>					\$662,636

In order to carry out the PBID programs outlined in the previous section, a first year (2018) assessment budget of \$662,636 is proposed. Since the renewed PBID is planned for a five year term, projected program costs for future years (Years 2-5) are set at the inception of the PBID. While future inflationary and other program cost increases are unknown at this point, a built in maximum increase of 5% per annum is incorporated into the projected program costs and assessment rates for the five year PBID term. Carryovers, if any, may be reapportioned the following year for related programs, services and improvements. Detailed annual budgets will be prepared by the SLBA Board and included in an Annual Plan for the City Council's review and approval. It is noted that the allocations shown may be shifted by the SLBA Board between these major categories based on changing needs, program costs, demands and contract prices throughout the five year PBID term. A 5 year projected SLA PBID budget is shown in the following Table:

**YEAR 1-5 PROJECED PBID BUDGET SUMMARY**  
(Assumes 5% max rate increase per year)

ACTIVITY	Year 1	Year 2	Year 3	Year 4	Year 5
1 0 Maintenance Services	\$161,000	\$169,050	\$177,503	\$186,378	\$195,697
2.0 Ambassador Program	\$177,700	\$186,585	\$195,914	\$205,710	\$215,995
3 0 Marketing/Promotions	\$173,600	\$182,280	\$191,394	\$200,964	\$211,012
4 0 Administration/Operations	\$150,336	\$157,853	\$165,745	\$174,033	\$182,734
<b>TOTAL</b>	<b>\$662,636</b>	<b>\$695,768</b>	<b>\$730,556</b>	<b>\$767,084</b>	<b>\$805,438</b>

The Assessment Engineer (see attached Engineer's Report) has found that the general benefits (i.e. benefits to the general public and surrounding parcels outside the PBID) of the proposed programs, services and improvements (i.e. maintenance, ambassador, marketing/promotions and administration/operations) represent 4.3% of the total benefits generated and, in turn, 4.3% (\$29,483) of the total adjusted costs of the PBID funded improvements, activities and services provided. Thus, 4.3% of the total PBID costs will need to be funded by non-assessment revenue sources such as grants, donations, program income, volunteer credits, etc.

The proposed SLA PBID may increase the assessment for each individual parcel each year during the 5 year effective operating period, but in no event shall the assessment increase exceed 5% and must be approved by the SLA Board of Directors, included in the Annual Planning Report and adopted by the City of Pasadena City Council. Any accrued interest and delinquent payments will be expended within the budgeted categories. The SLBA Board of the Directors ("Property Owner's Association of the SLA PBID) shall determine the percentage increase to the annual assessment and the methodology employed to determine the amount of the increase. The SLBA Executive Director shall communicate the annual increase to the City each year in which the PBID operates at a time determined in the Administration Contract held between SLBA and the City of Pasadena. No bonds are to be issued in conjunction with the proposed renewed PBID.

It is recognized that market conditions may cause the cost of providing goods and services to fluctuate from year to year during the 5 year term of the proposed PBID. Accordingly, SLA shall have the right to reallocate any budget line item within the budget categories based on such cost fluctuations subject to the review and approval by the SLBA Board and included in the Annual Planning Report that will be approved by the Pasadena City Council pursuant to Streets and Highways Code Section 36650. Any accrued interest or delinquent payments may be expended in any budget category.

Pursuant to Section 36671 of the Streets and Highways Code, any funds remaining after the fifth year of operation will be rolled over into the renewal budget or returned to stakeholders. PBID assessment funds may be used to pay for costs related to the following PBID renewal term. If the PBID is not renewed or terminated for any reason, unexpended funds will be returned to the property owners.

### **Duration**

The effective operation period of the proposed renewed SLA PBID is January 1, 2018 through December 31, 2022. It is noted that the range of property tax years for levying the proposed PBID assessments is 2017-18 through 2021-22. At the conclusion of this term the PBID may be renewed again for a maximum of ten years. If the proposed SLA PBID is not renewed at the end of the proposed 5 year term, PBID services will end on December 31, 2022.

### **Manner of Collection**

Assessments for the Operations Year beginning January 1, 2018 and assessments for subsequent years, through and including the Operations Year ending December 31, 2022 will be collected at the same time and in the same manner as ad valorem taxes paid to the County of Los Angeles. The City of Pasadena is authorized to collect any assessments not placed on the County tax rolls, or to place assessments, unpaid delinquent assessments, or penalties on the County tax rolls as appropriate to implement this Management District Plan.

## **IV PROPOSED ASSESSMENT FORMULA**

The PBID programs and services described in this Management District Plan will be funded through benefit assessments against real property in the PBID and non-assessment revenues to fund the costs associated with general benefits conferred on the public at large and surrounding parcels outside of the PBID boundaries. The assessment formula has been developed by the Assessment Engineer to ensure that no parcel will be assessed an amount that exceeds the cost of the proportional special benefit that parcel derives from the programs, services and improvements to be funded by the proposed benefit assessments. The assessment rates are based on the anticipated benefit to be derived by each individual parcel within the boundary of the PBID.

It has been determined by the Assessment Engineer (see Engineer's Report attached to this Plan as Attachment 1) that the benefit assessment of each identified parcel within the PBID will be based on three factors - building area, land area and street frontage within one benefit zone. Assessments for parcels with residential uses (1-5 units including residential condominiums) are based solely on building area.

Within the PBID there are roughly 24,300 linear feet of property frontage, 2.5 million square feet of land and 2.9 million square feet of building area. For a more detailed explanation of the assessment methodology used to calculate the assessment rates, refer to the attached Engineer's Report.

A list of all parcels in the PBID is shown in Appendix B attached hereto. Using the cumulative property related data totals from above, the base Year 1 assessment formula and rates are set as follows:

**SLA PBID Year 1 (2017-18) ASSESSMENT FORMULA**

**[Assessment = Building Area Assmt + Land Area Assmt + Street Frontage Assmt]**

- Building Area Assmt = building area x building area rate (from chart below)
- Land Area Assmt = land area x land area rate (from chart below)
- Street Frontage Assmt = parcel street frontage x street frontage rate (from chart below)

**YEAR 1 (2017-18) ASSESSMENT RATES**

Assessment Factor	Year 1 Rate
Building Area Rate (\$/SF)	\$0.07154
Land Area Rate (\$/SF)	\$0.08481
Lake Ave Street Frontage Rate (\$/LF)	\$13.14281
All Other Street Frontage Rate (\$/LF)	\$6.57087
Residential 1-5 Units (including condominiums) (\$/SF Bldg)	\$0.107

Due to recognized variable special benefits conferred on parcels within the SLA PBID, a number of formula adjustment factors for certain land uses, parcel configurations and other circumstances are incorporated into the proposed renewed PBID formula as follows:

1. Residential uses of 1 to 5 units (including residential condos), are set at the rate of 10.7 cents per square foot of building area (land and street frontage are not assessed)
2. Residential uses of 6 or more units are set at 50% of base assessment rates.
3. Properties zoned solely for residential use shall not be assessed.
4. Street frontage along Lake Avenue shall be assessed at the full, 100%. All other street frontages, including frontage along Shoppers Lane, shall be assessed at 50% of the full rate.

5. Parcels upon which a parking structure is located shall be assessed using land area and street frontage only. Parking structure building area serving primarily as tenant parking, shall not be assessed.
6. Mixed-use properties will be assessed in accordance with the following special criteria:

Commercial/Office Condos

- a. Building area assessed at full building area rate
- b. Land area assessed at full land area fee rate but pro-rated for each unit based on ratio of unit building area to total building area
- c. Frontage assessed at full frontage rate but pro-rated for each unit based on ratio of unit building area to total building area

Mixed –Use Ground Floor Commercial and Upper Floor Residential Rental (6+ Units)

- a. Building area assessed at full rate for commercial area and 50% rate for residential area
- b. Land area assessed at full land area rate for commercial portions and 50% rate for residential portions
- c. Frontage assessed at full frontage rate for commercial portions and 50% rate for residential portions

Mixed-Use Commercial Condos and Residential Condos

- a. Building area assessed at full rate for commercial area and 10.7 cents per sq ft of residential building area
- b. Land area assessed at full land area rate (assessed on ground floor owners)
- c. Frontage assessed at full frontage rate (assessed on ground floor owners)

Since the PBID is planned for a five year term, maximum assessment rates for future years (Years 2-5) must be set at the inception of the PBID. While future inflationary and other program cost increases are unknown at this point, a built in maximum increase of 5% per annum is incorporated into the projected program costs and, in turn, the resultant assessment rates for the five year term of the PBID. These figures are shown in the table below. Assessment rates may not exceed those indicated below.

In addition, any annual budget surplus or deficit will be incorporated into the subsequent year's PBID budget. Within the constraints of the annual adjustment, annual assessments will be set to account for surpluses or deficits carried forward.

**Five Year Maximum Assessment Rates**  
(Includes a 5% max annual increase)

Assessment Formula Factor Rates	Year 1 Rates	Year 2 Max Rates	Year 3 Max Rates	Year 4 Max Rates	Year 5 Max Rates
Building Area (\$/SF)	\$0.07154	\$0.07512	\$0.07887	\$0.08282	\$0.08696
Land Area (\$/SF)	\$0.08481	\$0.08905	\$0.09350	\$0.09818	\$0.10308
Lake Ave Street Frontage (\$/LF)	\$13.14281	\$13.79995	\$14.48995	\$15.21445	\$15.97517
All Other Street Frontage (\$/LF)	\$6.57087	\$6.89941	\$7.24438	\$7.60660	\$7.98693
Residential Bldg (1-4 Units) (\$/SF)	\$0.10700	\$0.11235	\$0.11797	\$0.12387	\$0.13006

**Year 1 (2017-18) Assessable Property Quantities and Projected Assessment Revenue**

Unit	Quantity	Rate	Revenue
Building Area (SF)	2,880,444	\$0.07154	\$206,067
Land Area (SF)	2,459,671	\$0.08481	\$208,605
Lake Ave Street Frontage (LF)	7,405	\$13.14281	\$97,323
All Other Street Frontage (LF)	16,935	\$6.57087	\$111,278
Residential Bldg (1-5 Units) (SF)	367,889	\$0.10700	\$39,363
			\$662,636

**SAMPLE ASSESSMENT CALCULATIONS:**

12,000 sq ft building on 15,000 sq ft lot with 100 LF of Lake Ave street frontage and 50 LF of other street frontage

Building	= 12,000 x 7.154¢/SF	= \$ 858.48
Land	= 15,000 x 8.481¢/SF	= \$1,272.15
Lake Ave Frontage	= 100 LF x \$13.14281/LF	= \$1,314.28
Other frontage	= 50 LF x \$6.57087/LF	= \$ 328.54
<b>TOTAL YEAR 1 ASSESSMENT</b>		<b>= <u>\$3,773.45</u></b>
PER MONTH		= \$ 314/MO
PER SF BLDG PER MONTH		= 2.6¢/SF/MO

**Future Development**

Other than future maximum rates and the assessment methodology delineated in this Report, per State Law (Government Code Section 53750), future assessments may increase for any given parcel if such an increase is attributable to events other than an increased rate or revised methodology, such as a change in the density,

intensity, or nature of the use of land. Any change in assessment formula methodology or rates other than as stipulated in this Report would require a new Proposition 218 ballot procedure in order to approve any such changes.

The complete Yr 1 – 2017 assessment roll of all parcels to be assessed by this PBID is included in this Plan as Appendix I.

#### **V. PUBLICLY OWNED PARCELS**

The State Constitution - Article 13D (Proposition 218) states that government owned properties are not exempt from benefit assessments, unless there is clear and convincing evidence showing that they receive no special benefit from the programs and services to be funded by the proposed benefit assessments.

There are nine (9) public parking lot parcels located along Shoppers Lane and Mentor Avenue owned by the City of Pasadena. There is no compelling evidence that these publicly owned parking parcels would not proportionately specially benefit from PBID funded programs, services and improvements any different than private owned parking lots and, thus, in the opinion of this Assessment Engineer, will be assessed in a similar manner and at the same rates as privately owned parcels within the PBID.

#### **VI. PBID DISTRICT GOVERNANCE**

The governance or management of a PBID typically requires an “Owner’s Association” to carry out the PBID services and activities. State PBID Law (36600 Streets & Highways Code) also requires that the Owner’s Association carry out specific additional functions. This includes preparation of an Annual Report to the City Council on the PBID activities for the past fiscal year and those proposed for the next fiscal year. The Owner’s Association may also recommend to the City Council from time to time, changes to the PBID boundaries, benefit zones, assessment formula or PBID programs and activities, all subject to public notification and, in some cases petition/balloting requirements.

Meetings of the Owner’s Association and its standing Committees shall be subject to the State of California “Brown Act” open meeting law.

It is proposed that the South Lake Business Association (SLBA), under contract with the City of Pasadena, continue to serve as the "Property Owner's Association" and be responsible for the ongoing day-to-day management and administration of the South Lake Avenue PBID (SLA-PBID). Incorporated in the mid-1990's, the SLBA is a non-profit corporation formed by business and professional firms and property owners located within the South Lake Business District. Upon renewal of the PBID, it is proposed that the City Council and the SLBA will execute a contract for the continued performance and delivery of the stipulated PBID programs and services authorized by this Management Plan.

**VII. PROPOSED RULES AND REGULATION APPLIED TO THE DISTRICT**

There are no specific rules or regulations applied to this PBID

**VIII. OTHER ITEMS**

No bonds will be issued for any PBID projects in conjunction with this PBID renewal.

**IX. PLAN AUTHOR**

The author and preparer of this Plan is Ed Henning of Edward Henning & Associates

**X. IMPLEMENTATION TIME TABLE**

The renewed PBID is expected to begin operation by January 2018. In order to meet this goal, the following procedural timeline is proposed:

<u>Date</u>	<u>Action/Task</u>
July-Oct '16	• Develop a PBID Management Plan
Oct-Nov '16	• Strategize support campaign/meetings etc.
Nov '16	• Initiate petition drive
Nov '16-March '17	• Collect petitions signed by property owners
April '17	• Submit majority support petitions to City along with final Management Plan
April '17	• City Council adopts Resolution of Intention to renew the PBID
April '17	• City sends notice of PBID public hearing and a ballot to property owners within PBID
June '17	• City Council conducts hearing (ballots due by this date)
June '17	• Providing no majority ballot protest is filed at the hearing, Council approves Resolution of Renewal for the PBID
August '17	• Assessment roll submitted to LA County Assessor
Dec 10/Apr 10 (due)	• Assessments billed and collected by LA County with property taxes
1st Qtr '18	• Revenues remitted to SLA per contract with City
(5yrs)	• SLA carries out renewed PBID programs and services

# APPENDIX 1

## YR 1 – 2017/18 ASSESSMENT ROLL

APN	2017-18 SLA PBID Assmt
5327001001	\$1,260 61
5327001002	\$920 72
5327001003	\$3,525 63
5327001004	\$774 43
5327001005	\$929 74
5327001006	\$1,418 77
5327001009	\$799 24
5327001010	\$824 14
5327001011	\$646 43
5327001012	\$724 77
5327001014	\$1,580 91
5327001015	\$724 82
5327001029	\$1,897 63
5327001030	\$1,886 93
5327001160	\$0 00
5327001161	\$8,360 18
5327001162	\$199 02
5327001163	\$204 37
5327001164	\$199 02
5327001165	\$165 85
5327001166	\$204 37
5327001167	\$203 30
5327001168	\$241 82
5327001169	\$271 78
5327001170	\$254 66
5327001171	\$217 21
5327001172	\$224 70
5327001173	\$221 49
5327001174	\$212 93
5327001175	\$165 85
5327001176	\$264 29
5327001177	\$224 70
5327001178	\$151 94
5327001179	\$199 02
5327001180	\$199 02
5327001181	\$204 37

5327001182	\$199 02
5327001183	\$165 85
5327001184	\$199 02
5327001185	\$217 21
5327001186	\$224 70
5327001187	\$221 49
5327001188	\$212 93
5327001189	\$165 85
5327001190	\$264 29
5327001191	\$224 70
5327001192	\$75 97
5327001193	\$199 02
5327001194	\$199 02
5327001195	\$204 37
5327001196	\$199 02
5327001197	\$165 85
5327001198	\$120 91
5327001199	\$135 89
5327001200	\$199 02
5327001201	\$217 21
5327001202	\$224 70
5327001203	\$221 49
5327001204	\$212 93
5327001205	\$165 85
5327001206	\$264 29
5327001207	\$224 70
5327001208	\$75 97
5327001209	\$234 33
5327001210	\$199 02
5327001211	\$204 37
5327001212	\$199 02
5327001213	\$250 38
5327001214	\$240 75
5327001215	\$234 33
5327001216	\$249 31
5327001217	\$296 39
5327001218	\$221 49
5327001219	\$307 09
5327001220	\$221 49

5327001221	\$234 33
5327001222	\$232 19
5327001223	\$197 95
5327001224	\$204 37
5327001225	\$199 02
5327001226	\$248 24
5327001227	\$248 24
5327001228	\$296 39
5327001229	\$297 46
5327001230	\$302 81
5327001231	\$220 42
5327001232	\$234 33
5327002001	\$1,680 67
5327002004	\$1,746 71
5327002005	\$3,019 04
5327002006	\$1,303 29
5327002007	\$858 85
5327002008	\$1,502 85
5327002009	\$1,005 86
5327002023	\$2,008 01
5327002088	\$1,354 81
5327020011	\$1,840 32
5327020012	\$1,458 22
5327020013	\$1,541 75
5327020039	\$12,580 14
5721027003	\$944 38
5721027018	\$2,678 24
5721027019	\$0 00
5721027020	\$0 00
5721027027	\$3,473 79
5721027032	\$5,369 12
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5734030033	\$7,213 83
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5734030035	\$6,543 46
5734030036	\$10,184 86
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5734032004	\$22,476 38
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5734034025	\$1,837 25
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5734035019	\$1,386 19
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5734035031	\$6,066 34
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5734035044	\$85 07
5734035045	\$126 05
5734035046	\$59 06
5734035047	\$59 28
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5734035054	\$58 10
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5734035058	\$83 67
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5734035069	\$57 57
5734035070	\$149 59
5734035071	\$54 68
5734035072	\$56 39
5734035073	\$56 28
5734035074	\$72 23
5734035075	\$56 50
5734035076	\$122 09
5734035077	\$83 67
5734035078	\$73 83
5734035079	\$73 94
5734035080	\$60 24
5734035081	\$98 01
5734035082	\$97 69
5734035083	\$97 80
5734035084	\$78 86
5734035085	\$72 44
5734035086	\$70 19
5734035087	\$73 62
5734035088	\$73 62
5734035089	\$73 62

5734035090	\$73 30
5734035091	\$73 19
5734035092	\$75 11
5734035093	\$120 27
5734035094	\$453 66
5734035095	\$60 24
5734035096	\$98 01
5734035097	\$97 69
5734035098	\$97 80
5734035099	\$78 86
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5734035115	\$97 69
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5734035123	\$73 62
5734035124	\$73 62
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5734035128	\$105 50
5734035129	\$98 12

5734035130	\$98 23
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5734035133	\$60 24
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5734035136	\$97 80
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5734035145	\$73 62
5734035146	\$73 19
5734035147	\$75 11
5734035148	\$105 50
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5734038011	\$105 61
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5734038032	\$105 61
5734038033	\$97 80
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5734038043	\$234 65
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5734038051	\$153 01
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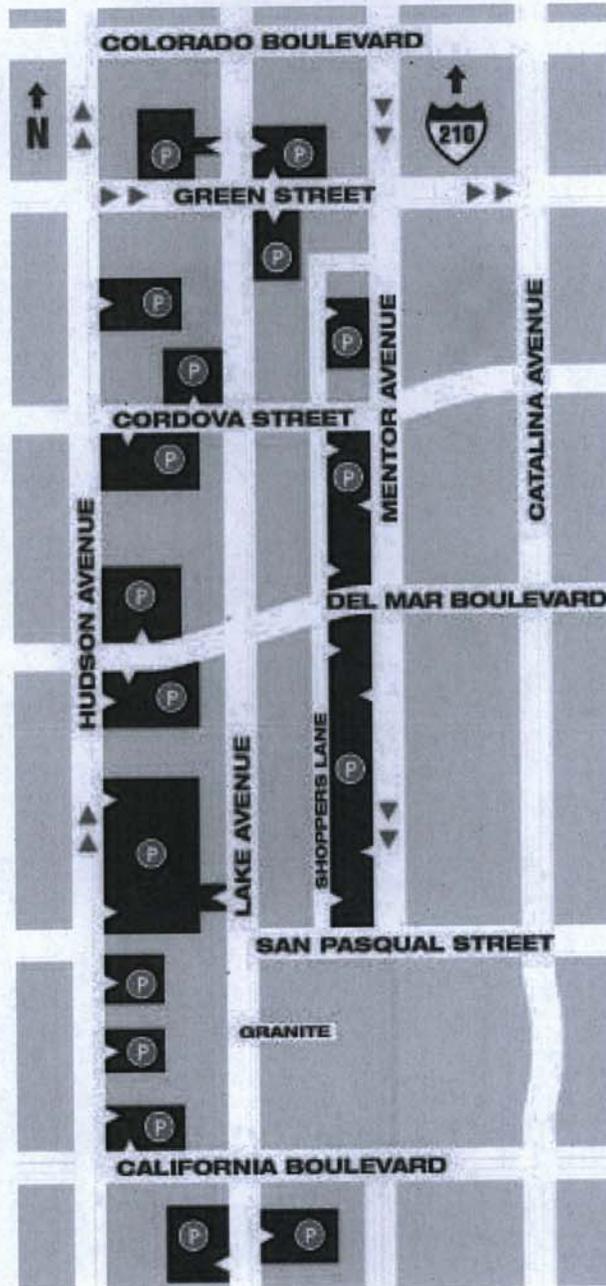
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5735031001	\$2,527 92
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5735031029	\$5,142 32
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5735031901	\$1,335 74
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5735032004	\$966 85
5735032005	\$1,511 25
5735032006	\$7,375 26
5735032007	\$2,645 36
5735032008	\$1,437 06
5735032009	\$1,215 88
5735032010	\$2,560 57
5735032011	\$6,319 83
5735032014	\$1,830 16
5735032015	\$1,830 16
5735032017	\$1,830 16
5735032018	\$3,657 34
5735032900	\$2,018 82
5735032901	\$1,183 38
5735032902	\$1,830 50
5735033025	\$1,469 24
5735033028	\$2,384 79
5735033037	\$1,468 70
5735033038	\$1,468 70
5735033040	\$1,468 70
5735033041	\$1,335 40
5735033043	\$2,622 78
5735033044	\$2,613 77
5735033045	\$2,277 74
5735033046	\$2,395 78

5735033047	\$1,437 03
5735033048	\$964 71
5735033053	\$1,366 20
5735033056	\$2,717 63
5735033057	\$4,467 13
5735033058	\$1,820 52
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5735034042	\$1,602 00
5735034047	\$1,762 86
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5735034051	\$2,124 21
5735034052	\$2,081 21
5735034053	\$2,312 97
5735034057	\$1,629 15
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5735034060	\$1,788 56
5735034061	\$3,197 95
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# APPENDIX 2

## SLA PBID BOUNDARY MAP



# APPENDIX 3

## ASSESSMENT ENGINEER'S REPORT