

# Agenda Report

April 25, 2022

**TO:** Honorable Mayor and City Council

**FROM:** Office of the City Manager, Economic Development Division

**SUBJECT: RENEWAL OF THE SOUTH LAKE AVENUE ASSOCIATION  
PROPERTY AND BUSINESS IMPROVEMENT DISTRICT (SLA PBID)**

**RECOMMENDATION:**

It is recommended that the City Council:

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

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 Order the tabulation of all ballots received and not withdrawn, and request a report on the tabulation results as soon as possible.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 into a Baseline Services Contract and the Agreement for Services in the amount of \$80,007 with SLA PBID.
5. Appoint the South Lake Business 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; and
6. Adopt a final resolution "Renewing the South Lake Avenue Property and Business Improvement District."

## **BACKGROUND:**

The purpose of a PBID is to provide enhanced services to its stakeholders within the District. Those services range from providing cleaning and security services beyond what the City provides, to advocacy and marketing to bring greater public awareness to the District.

The SLA PBID encompasses properties generally bounded by Colorado Boulevard on the north, Mentor Avenue on the east, an east-west line approximately 260 feet south of California Boulevard on the south, and Hudson Avenue on the west. The PBID is generally surrounded by residential neighborhoods on the south, east, and west and the Playhouse PBID on the north (Attachment 1). Based on information provided by the Los Angeles County Assessor's Office, there are 444 parcels within the PBID.

The SLA PBID was initially established by an act of the Council on July 30, 2007 and was renewed in 2012 and 2017 for a five-year period. The current term is set to expire on December 31, 2022. The proposed new term is seven years and if successful, will commence on January 1, 2023 and run until December 31, 2029. It is noted that the range of property tax years for levying the proposed PBID assessments is 2022-23 through 2028-2029. 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 seven-year term, PBID services will end on December 31, 2029.

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 commercial, public parking, and residential. Since formation, the South Lake Avenue PBID has been instrumental in bringing physical improvements to the District, has established a single voice of advocacy, and provided additional attention to the district through enhanced services.

## **RENEWAL PROCESS**

The California State Law governing the formation of PBIDs requires a two-step property owner approval 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 of the approval process is a ballot phase whereby PBID renewal ballots are sent to each property owner in the proposed renewed district. Returned ballots in support of the PBID renewal must outweigh those returned in opposition based on the amount of assessment to be levied collectively on the returned ballots.

Prior to initiating the petition phase, as required by State PBID Law, the South Lake Business Association (SLBA) developed a Management District Plan that was provided at the February 28, 2022 City Council meeting, which sets the PBID boundaries and

guides the next proposed seven-year PBID work plan, budget and assessment rates, and methodology.

In order for the SLA PBID renewal to proceed, it is necessary for the City Council to adopt a resolution of intention to renew the PBID. On February 28, the City Council adopted Resolution No.9893 that stated its intent to renew the PBID. The resolution authorizes the City Clerk to mail a ballot to the property owners within the district for the renewal of the PBID, conduct tonight's public hearing and count the ballots. In order for the PBID to be renewed, the Clerk must receive ballots in support, which "outweigh" those returned in opposition to the PBID based on the amount of assessment to be levied on parcels represented by returned ballots. The City Council may then renew the assessment district by adopting a final resolution.

## **PBID PROPOSAL**

The proposed renewal of the SLA PBID would have a seven-year term with a proposed Year 1 assessment of \$665,079. Subsequent annual increases on the assessment rates 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 14-block area generally bounded by Colorado Boulevard on the north, Mentor Avenue on the east, an east-west line approximately 260 feet south of California Boulevard on the south, and Hudson Avenue on the west. The proposed budget of \$665,079 is to be spent as follows:

<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	\$152,779	23%
<b>TOTAL</b>	<b>\$665,079</b>	<b>100%</b>

## **CITY CONTRIBUTION AND SERVICES AGREEMENT**

### **General Benefits**

The Assessment Engineer's Report (Report) is required by State Law when forming or renewing a PBID. General benefits are conferred on the public at large, spillover onto parcels outside of the PBID and on assessed parcels within the PBID. The Report determined that the General Benefit would equate to \$31,339 or 4.5% of the total PBID program costs, which cannot be assessed to property owners within the PBID. It is recommended that the City pay the annual General Benefit amount \$31,339; as is the case with the Old Pasadena and Playhouse Village District.

In addition to the General Benefit payment, the City assessment for the PBID is \$48,668 in the first year and is applied to the properties that constitute a portion of Shopper's Lane as follows:

1. The assessment on the City-owned parcels is \$13,628 in the first year; and
2. The assessments on the privately owned parcels bound by a surface easement requiring that the City pay all property taxes and assessments if \$35,040.

In total, it is recommended that the City pay the General Benefit amount of \$31,339 and the assessment of \$48,668 for a total contribution of \$80,007.

### **Services Agreements**

The assessments are billed through property tax billing collected by the County Tax Assessor, which are then transferred to the City. It is anticipated that the City will contract with the SLBA to receive the PBID assessment funds and fulfill the goals and objectives of the Management Plan for the District. The SLBA is required to abide by the Brown Act and must submit annual reports and will be audited in accordance with the City's policy and funding guidelines.

Two contracts memorialize the approval and administration of the PBID – the Agreement for Services and the Baseline Services Contract. The Agreement for Services formally recognizes the SLBA as the organization contracted to administer the activities funded through the PBID, while the Baseline Services Contract establishes the level of service provided within the district. There are no recommended changes to either agreements.

### **COUNCIL POLICY CONSIDERATION:**

Adoption of the South Lake Avenue Property and Business Improvement District (SLA PBID) is a means to enable property owners the ability to voluntarily self-levy through property assessments, 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.

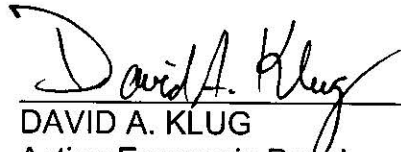
The proposed action is the renewal of the South Lake Avenue Property and Business Improvement District for an additional seven-year term. The PBID will allow an assessment to collect funds that are used in the South Lake Avenue PBID to promote economic vitality in the area. No specific projects are being 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:**

Costs for the City's portions of this action will be addressed through the use of revenues in Parking Funds 217 and 232. As with prior years, the City's assessments for the PBID for the parcels in Shoppers Lane of \$48,668 would be paid and will continue to be paid from the South Lake Parking Place Parking District (Fund 217). Funding for the assessment will be requested in the FY 2023 recommended budget in 21724011-814500.

The additional City's contribution for the General Benefit offset is \$31,339 per year, beginning FY 2022, and will be paid from the South Lake Parking Meter Operations (Fund 232). Funding for the PBID renewal will be requested in the FY 2023 Recommended Budget in account 23224016-814500.

Respectfully submitted,



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