

Agenda Report

February 28, 2022

TO: Honorable Mayor and City Council

FROM: Office of the City Manager, Economic Development Division

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

RECOMMENDATION:

It is recommended that the City Council:

1. Find that adopting a resolution renewing the South Lake Avenue Property and Business Improvement District (SLA PBID) is exempt from the California Environmental Quality Act (CEQA) per Section 15061(b)(3) (common sense exemption); and
2. Adopt a Resolution of Intention to renew the South Lake Avenue Property and Business Improvement District (Attachment 1), and setting a Public Hearing for April 25, 2022 at 5:00 p.m.

BACKGROUND:

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 2). Based on information provided by the Los Angeles County Assessor's Office, there are 445 parcels within the PBID.

The programs and activities to be funded by the SLA PBID include: maintenance, ambassadors, marketing/promotions, economic advocacy 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 SLA PBID has been instrumental in bringing physical improvements to the District, has established a single voice of advocacy and provided much needed attention to the district through enhanced services.

The SLA PBID was initially established by City 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.

RENEWAL PROCESS

The California State Law governing the formation of PBIDs 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 of the approval process is a ballot phase whereby PBID renewal ballots are sent out 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.

As required by State PBID Law, prior to initiating the petition phase SLA developed a Management District Plan (Attachment 3) which sets the PBID boundaries and guides the next renewal term proposed PBID work plan, budget and assessment rates and methodology. As of December 2021, the SLA has collected petitions exceeding the 50% minimum threshold.

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. The resolution authorizes 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 tabulate 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 assessment to be levied on parcels represented by returned ballots. The City Council may then renew the assessment district by adopting a resolution of renewal.

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:

Year 1 – 2023 PROPOSED BUDGET SUMMARY (ASSESSMENT REVENUES)

MAINTENANCE	AMBASSADORS	MARKETING & PROMOTIONS	ADMINISTRATION & OPERATIONS	TOTAL
24.2077%	26.7186%	26.1022%	22.9716%	100.00%
\$161,000	\$177,700	\$173,600	\$152,779	\$665,079

CITY CONTRIBUTION AND BASELINE SERVICES AGREEMENT

General Benefits

An 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 Assessed Revenues, which cannot be assessed to property owners within the PBID. It is recommended that the City pay the annual General Benefit amount of \$31,339.

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 Shoppers 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 is \$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.

Baseline Services Agreement

There are no recommended changes to the Baseline Services (Attachment 4). Authorization to execute a new Baseline Services Agreement will be requested at the Public Hearing should the SLA PBID achieve the minimum threshold vote necessary to renew the PBID.

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 South Lake Business Association (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 an annual report and will be audited in accordance with the City's policy and funding guidelines.

COUNCIL POLICY CONSIDERATION:

Adoption of the SLA 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.

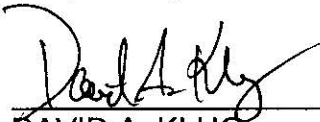
The proposed action is the renewal of the South Lake Avenue Property and Business Improvement District for an additional seven-year term. The PBID will allow an assessment to collect funds that are used in the South Lake Avenue District to promote economic vitality in the area. No specific projects are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

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 assessment 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. Funds are currently appropriated for this purpose in the FY 2022 approved budget in 21724011-814500.

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

Respectfully submitted,



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Acting Economic Development Manager
Office of the City Manager

Prepared by:



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Project Manager

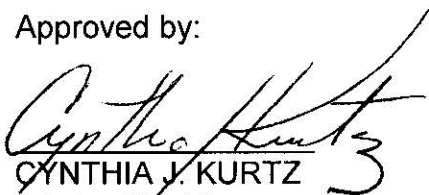
Concurred by:



LAURA RUBIO-CORNEJO

Director
Department of Transportation

Approved by:



CYNTHIA J. KURTZ
Interim City Manager

Attachments: (4)

Attachment 1 – Resolution
Attachment 2 – SLA PBID Map
Attachment 3 – Management District Plan
Attachment 4 – Baseline Services