

Agenda Report

June 5, 2023

TO: Honorable Mayor and City Council

FROM: Office of the City Manager - Economic Development Division

SUBJECT: BLOCK 5 MAINTENANCE ASSESSMENT DISTRICT INCREASE

RECOMMENDATION:

It is recommended that the City Council:

1. Find that increasing the property assessments for the Block 5 Maintenance Assessment District is exempt from the California Environmental Quality Act (CEQA) per Section 15061(b)(3) (common sense exemption); and
2. Adopt a Resolution to increase annual property assessments for Block 5 Maintenance Assessment District to \$64,978.89.

BACKGROUND:

In 1992, City of Pasadena, through the Pasadena Community Development Commission (PCDC) and in cooperation with the commercial property owners, entered into a Reciprocal Easement Agreement (REA) that eliminated individually fenced parking spaces and created a 110-space parking lot. The lot was formed from a combination of all or a portion of 11 properties behind the existing buildings. The purpose and function of the lot is to serve the patrons of the adjacent businesses at N. Lake Avenue and E. Washington Boulevard.

After the parking lot was completed, the City entered into a maintenance agreement with the commercial property owners, which also included the creation of an assessment district, whereby each of the property owners would be assessed a proportionate share of all maintenance costs. The amount of the assessment is based on the type and square footage of a business on the property and the number of required parking spaces that utilize the parking lot.

At the time of the creation of the assessment district, the annual parking lot maintenance cost was \$12,228. In response to rising maintenance costs, the property owners agreed to increase the property assessment to an annual total of \$27,620, which was approved by the City Council on January 8, 1996.

Since 1996, however, the annual assessment has not been increased, while the cost of maintaining the parking lot has risen considerably. Vice Mayor Williams, along with City staff, met with the property owners in April 2022 to listen to their concerns regarding ongoing maintenance issues (e.g. drainage and lighting.) Staff explained the need to increase the assessment in order to adequately fund the costs necessary to maintain the parking lot. The property owners verbally agreed to an increase of approximately \$65,000. Recognizing that most businesses are still recovering from the COVID-19 pandemic, staff proposed a phased increase over three consecutive years, of approximately 33% per year.

Property Owners' Responsibilities to Maintain Parking Lot

As noted in the REA, the PCDC was responsible for the initial cost of constructing the parking lot and related improvements, and the property owners are responsible for maintaining the lot and related improvements through the maintenance assessment district. However, in 2022, as the current cost of maintaining the parking lot is greater than the current assessment collected, City funds were used on a one-time basis to make necessary repairs that addressed safety, prevented flooding, and made the parking lot ADA-compliant. The cost of these improvements totaled approximately \$58,000.

Additionally, in Fall 2022 the City, along with Vice Mayor Williams and Pasadena Beautiful Foundation, hosted a planting and mulching day in the Block 5 parking lot. The purpose was to teach planting, mulching, and drip irrigation techniques as part of re-landscaping the Block 5 parking lot. The City spent approximately \$15,000.

Lastly, ongoing maintenance costs for trash enclosure clean-up, private security to lock/unlock Mentor Avenue gate, and trash collection totaled approximately \$46,000 for 2022 and was paid for with existing money from the Block 5 assessment.

Proposed Assessment Budget

The proposed increased assessment would fund the City's maintenance activities for the Block 5 parking lot without the need for future spending of general fund dollars. These maintenance activities and their approximate cost are:

- Trash Collection
 - Cost: \$27,000/year
- Parking Lot Sweeping and Custodial Service
 - Cost: \$20,000/year
- Landscaping
 - Cost: \$5,000/year
- TOTAL: \$52,000/year

The additional approximately \$13,000 would be used as a contingency to address unforeseen maintenance needs, as well as to cover periodic needs such as to slurry seal and restripe the parking lot (~\$40,000), which would be needed approximately every six years or as needed.

ASSESSMENT INCREASE PROCESS:

On February 17, 2023, voting ballots, along with a letter explaining the proposed assessment increase, were mailed to all property owners (13 mailings to 12 property owners), except those properties that are solely occupied by parking. The ballots were specific to each property, identifying their respective proposed three-year assessment increases. The ballots both for and against the assessment increase will be counted at the City Council public hearing.

In order for the assessment to be increased, the City Clerk must receive sufficient ballots in support of the increase to “outweigh” those returned in opposition based on the amount of assessment to be levied on parcels represented by returned ballots. The City Council may then increase the assessment by adopting a resolution.

COUNCIL POLICY CONSIDERATION:

Approval of the assessment increase for the Block 5 Maintenance Assessment District will continue the mechanism by which property owners voluntarily self-assess, thereby creating a source of funds to reinvest in the maintenance of the Block 5 Parking Lot. Such an investment furthers the ‘economic vitality’ Guiding Principle of the General Plan Land Use Element by supporting existing businesses

This action also furthers General Plan Land Use Element Policies that focus on the Northwest, including:

- 40.1: Community Revitalization, related to business retention
- 40.3: Community Services and Infrastructure, related to adequate infrastructure for local businesses

Finally, this action supports the City Council Strategic Plan Goal to promote quality of life and the local economy.

ENVIRONMENTAL ANALYSIS:

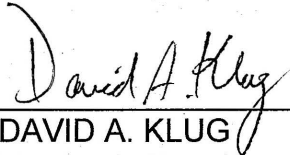
The action proposed herein is exempt from the California Environmental Quality Act (CEQA), pursuant to State CEQA Guidelines Section 15061(b)(3) (common sense exemption). The activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant 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 an increase in the property assessments of 11 commercial properties in order to fund the continued maintenance of the Block 5 Parking Lot by the City. Maintenance activities will continue to include, as-needed: restriping, ADA improvements, drainage improvements, landscaping, and trash collection. No expansion or intensification of the parking lot is proposed at this time. Should any such expansion or intensification be proposed in the future, it shall be reviewed under its own merits at the time of project submittal for purposes of CEQA.

FISCAL IMPACT:

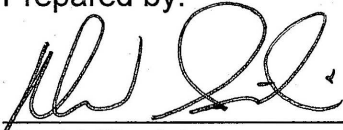
The approval of the assessment increase for the Block 5 properties will allow for the City to continue its property maintenance and upkeep activities, while recouping the cost of such work.

Respectfully submitted,




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Economic Development Director
City Manager's Office

Prepared by:



David Sinclair
Project Manager

Concurred by:



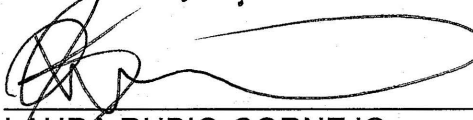
TONY OLMOS, P.E.
Department of Public Works

Approved by:



MIGUEL MÁRQUEZ
City Manager

Concurred by:



LAURA RUBIO-CORNEJO
Director
Department of Transportation

Attachment: (1)

Attachment A – Block 5 Ownership Map