

Agenda Report

DATE: MAY 8, 2000

TO: CITY COUNCIL

THROUGH: BUSINESS ENTERPRISE COMMITTEE

FROM: CITY MANAGER

SUBJECT: ESTABLISHMENT OF OLD PASADENA MANAGEMENT DISTRICT AND APPROVAL OF FUNDING PLAN

RECOMMENDATION:

It is recommended that the City Council:

1. Adopt a resolution of intention to establish the Old Pasadena Management District (Attachment No. 1);
2. Adopt a funding plan as described in the text of this document; and
3. Authorize the City Manager to sign the City's ballots in support of the establishment of the Old Pasadena Management District property-based business improvement district on behalf of the City as a member of the Old Pasadena Management District once the OPMD has received votes representing a weighted 50% in support of the OPMD establishment. This is on the condition that the city's annual assessment does not exceed \$56,959 and the total annual contribution does not exceed \$545,000.

BACKGROUND:

Old Pasadena property owners have been meeting to develop a property-based business improvement district ("PBID") and identify the funding sources for the proposed \$1.1 million annual budget to be used primarily to provide enhanced security, maintenance, and marketing. The proposed district's approach has been used successfully in other commercial districts throughout the country to increase sales, attract new tenants, increase occupancies and increase property values. On June 21, 1999, the City Manager brought to the Business Enterprises Committee ("BEC") a proposal to create and fund the Old Pasadena Management District ("OPMD") PBID. The BEC encouraged more dialogue between the OPMD and the Old Pasadena Business & Business Professional Association. It was the consensus of the Committee to review a copy of the proposed agreement governing the City's contribution, and to bring this issue back for further discussion at a future meeting. On Monday, April 17, 2000, the City Manager received a letter from the Old Pasadena Business & Professional Association with some concerns regarding the proposed establishment of the OPMD (Attachment No. 2)

PBID Proposal

Under the PBID proposal the City's contribution of \$545,000 would be combined with the PBID assessment funding of \$520,000. The combined funds of \$1,071,000 would be spent as follows during the first year; maintenance - \$335,000, public safety - \$395,000, Marketing - \$130,000, management, advocacy and administration \$141,453, formation expenses \$60,000, and \$10,000 to be placed in reserve. The security program is envisioned to support the Police Department and serve as ambassadors to the district. The maintenance program is envisioned to wash the sidewalks, remove graffiti, provide regular sidewalk maintenance, street-sweeping, alley maintenance, and trash maintenance services. The Public Works and Transportation Department will discontinue providing some maintenance. A complete outline of services to be provided is attached in the June 21, 1999 BEC Report (Attachment 3) and "Old Pasadena Management District Plan" dated February 1999 (Attachment No. 4).

Process for Implementation

The California State Law, which allows for the formation of PBIDs requires a process which begins with a petition phase to gather a minimum support of a weighted 51% based upon a business plan for the proposed programs and budget for the district. The second step is for the City Council to adopt a resolution of intent to establish the PBID, which authorizes the City Clerk to mail a ballot for the establishment of a district to the property owners within the proposed district, and set a date for a public hearing to count the ballots. In order for the district to be established, the Clerk must receive a minimum of 51% of weighted ballots returned in support of the district formation. The City Council then can establish the assessment district by adopting a final resolution. The district assessments are collected by the County with the property tax billing. The County returns the assessment funds to the City, who then remits them to the Old Pasadena Management District. Once established, the OPMD Advisory Board is required to abide by the Brown Act rules and regulations. The production of an annual report and an annual fiscal audit are also required from the OPMD.

The OPMD created the "Old Pasadena Management District Plan" dated February 1999 and has collected petitions representing over 53% of the total assessed dollars in the twenty-block district. The OPMD has met with City management and the OPMD has agreed upon the City's proposed contribution of \$545,000 annually towards the District. The OPMD has also changed the composition of the Board to include three members of the Old Pasadena Business & Professional Association and has expanded their 23 member board to include 8 property owners, 4 property owners who also own businesses within the district, 7 business owners, one resident, and 3 City staff representatives. The OPMD has also produced a paper entitled "Partnering for Continued Success" to further address the comments and concerns of the BEC from the June 21, 1999 BEC meeting. This document is included as Attachment No. 5 to this report.

Recommended Funding Plan

Staff recommends that should the District be established, the City contribute \$545,000 from revenue currently collected from the Old Pasadena Parking Meter Fund (\$425,796), the Old Pasadena Parking Structure Fund (\$30,000), and Old Pasadena redevelopment tax increment funds (\$89,204). The proposal is as follows:

A.	Old Pasadena Parking Meter Funds currently transferred to the Old Pasadena Business & Professional Association for sidewalk and street maintenance	\$ 320,000
B.	Old Pasadena Parking Meter Fund currently in Public Works and Transportation operating budget for enhanced street maintenance	\$ 90,796
C.	Old Pasadena Parking Meter Fund marketing monies	\$ 15,000
D.	Old Pasadena Redevelopment Project area funds	\$ 89,204
E.	Old Pasadena Parking Structure Fund marketing monies	\$ 30,000
	Total City Contribution to the Management District	\$ 545,000

Use of City Funds

Once the District is formed and the City prepares to transfer the authorized public funds, an agreement regarding the use of funds will be necessary. By accepting City funds, the OPMD must agree to comply with the Generally Accepted Accounting Principles (GAAP) regarding the use of public funds. The City has a fiduciary responsibility regarding all public funds and their appropriate usage. As such, the OPMD may only use the City funds for the provision of services as detailed in the agreement to comply with the restrictions placed on the various funding sources. The City must audit the use of these revenues to ensure compliance. The agreement regarding the use of the funds will go before the City Council for adoption after the District is established.


FISCAL IMPACT

The fiscal impact, upon the creation of the management district, is to transfer \$545,000 in City funds to the District. This transfer of funds will be reflected in the fiscal year 2001 operating budget.

Respectfully submitted

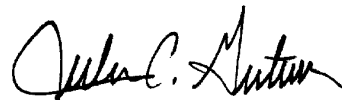

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