

Old Pasadena Property-Based Business Improvement District

Management District Plan



City of Pasadena, California

February 2015

Prepared by:
Progressive Urban Management Associates, Inc.
and Kristin Lowell, Inc.

*Prepared pursuant to the State of California
Property and Business Improvement District Law of 1994
and Article XIID of the California Constitution
to create a property-based business improvement district*

**Old Pasadena
Property and Business Improvement District
Management District Plan**

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SECTION 1: Executive Summary

Formed in 2000 by property owners, and later renewed in 2005 and 2010, the property-based business improvement district (PBID) is a self-governed assessment on property that raises funds to provide enhanced maintenance, safety and marketing services.

To prepare for the third renewal of the PBID, the Old Pasadena Management District (OPMD) retained the services of Progressive Urban Management Associates, Inc. and Kristin Lowell, Inc. to determine ratepayer priorities. With priorities gained from the OPMD board of directors and stakeholder responses to an online community improvement survey, this plan for district continuation offers support for the following services:

- *Continued deployment of clean and safe teams throughout the district.*
- *Continued support for district marketing initiatives.*
- *New resources (\$100,000 annually) to strengthen safety services with an emphasis on efforts to reduce homelessness.*
- *New resources (up to \$70,000 annually) on beautification and place-making to make the district more walkable and visually attractive.*

Summary Management Plan

Pursuant to California Streets and Highways Code, the “Property and Business Improvement District Law of 1994 as amended”, the existing Old Pasadena PBID is being renewed for a ten year term. Upon receipt of petitions signed by property owners representing greater than 50% of the District budget, the City of Pasadena will initiate a ballot procedure to officially re-establish and renew the PBID.

Developed by the Old Pasadena PBID Renewal Steering Committee, the District’s proposed activities and improvements are to improve and convey special benefits to properties located within the Old Pasadena PBID area. The District will provide improvements and activities, including both environmental enhancements and marketing activities. Each of the activities is designed to meet the goals of the District; to improve the appearance and safety of the District, to increase building occupancy and lease rates, to encourage new business development and attract ancillary businesses and services. As described in the Management District Plan, it is proposed that the PBID will provide funding for enhanced maintenance, safety, and beautification and marketing programs, above and beyond those provided by the City of Pasadena.

Location	The district boundary encompasses approximately 21 blocks of Old Pasadena, and is consistent with the existing PBID boundary. To assess for the special benefit each parcel receives from the PBID activities, five benefit zones are recommended.
Improvements & Activities	The PBID will finance improvements and activities that will improve Old Pasadena’s environment for property owners, residents, workers and visitors, including: <u>Environment:</u> <ul style="list-style-type: none">• Maintenance Teams that sweep streets and alleys, scrub and pressure wash sidewalks, remove litter and graffiti, increase the frequency of trash removal, and maintain landscaping.

	<ul style="list-style-type: none"> • Safety & Hospitality Ambassadors that provide information on activities and attractions, work with local police and business and property owners to prevent crime and reduce homelessness, and address quality of life issues. • Beautification improvements that make Old Pasadena more visually attractive, walkable, and bikeable, which may include: wayfinding signage, trash cans, holiday décor, enhanced streetscape, planters, urban design plans, bicycle racks, and other facilities, etc. <p><u>Marketing:</u></p> <ul style="list-style-type: none"> • Marketing to promote a positive image for Old Pasadena as a premier regional destination, and services aimed at attracting a diverse consumer base, quality commercial and office tenants, and private investment. 																											
Method of Financing	Levy of assessments upon real property that benefit from improvements and activities.																											
Budget	<p>Total district PBID assessment budget for its first year of operations is \$1,320,055, as follows:</p> <table border="1" data-bbox="519 848 1331 1327"> <thead> <tr> <th><u>Activity</u></th> <th><u>PBID Budget</u></th> <th><u>%</u></th> </tr> </thead> <tbody> <tr> <td>Environment</td> <td></td> <td></td> </tr> <tr> <td> Clean</td> <td>240,000</td> <td>18.2%</td> </tr> <tr> <td> Safe</td> <td>630,000</td> <td>47.7%</td> </tr> <tr> <td> Beautification</td> <td>70,000</td> <td>5.3%</td> </tr> <tr> <td>Total Environment</td> <td>940,000</td> <td>71.2%</td> </tr> <tr> <td>Marketing</td> <td>180,000</td> <td>13.6%</td> </tr> <tr> <td>Administration</td> <td>200,055</td> <td>15.2%</td> </tr> <tr> <td>TOTAL</td> <td>1,320,055</td> <td>100.0%</td> </tr> </tbody> </table> <p>General Benefit Allowance: An allowance is made for general benefits that the district may provide to either the parcels outside the district boundary or to the public at large. Any PBID services that are found to provide general benefit cannot be paid for with assessment revenue. A certified engineer has estimated that the general benefit from services accounts for \$33,468 of the estimated budget, resulting in a total assessment budget of \$1,286,587.</p>	<u>Activity</u>	<u>PBID Budget</u>	<u>%</u>	Environment			Clean	240,000	18.2%	Safe	630,000	47.7%	Beautification	70,000	5.3%	Total Environment	940,000	71.2%	Marketing	180,000	13.6%	Administration	200,055	15.2%	TOTAL	1,320,055	100.0%
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Cost	<p>Annual assessments are based upon a calculation of benefits provided, an allocation of costs for providing those special benefits, and a calculation of lot, ground floor building square footage plus non-ground floor building square footage for each parcel respective of the benefit zone.</p> <p>Estimated annual maximum assessment rates for the first year of the district are:</p>																											

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City Services	The City of Pasadena will provide an accounting of baseline services that are currently provided within the District and will continue through the duration of the planned renewal.																														
Collection	PBID assessments appear as a separate line item on the annual Los Angeles County property tax bills.																														
District Governance	The PBID will be managed by the Old Pasadena Management District. A Board of Directors made up of Old Pasadena property owners, business owners, and other stakeholders will help determine the PBID uses and budget each year.																														
District Formation	California law for PBID district formation requires the submission of petitions signed by property owners in the proposed district who will pay more than 50% of the total assessments (i.e. petitions must represent more than 50% of the \$1,286,587 to be assessed). Petitions are submitted to the Pasadena City Council, and the City will mail ballots to all affected property owners. The majority of ballots returned, as weighted by assessments to be paid, must be in favor of the PBID in order for the City Council to consider approval.																														
Duration	<p>Collection of the first year's assessments will be included in Los Angeles County's 2015-2016 tax bill. Services will begin January 1, 2016 and continue through December 31, 2025.</p> <p>During Year 5 of the district, or at any other time as determined by the OPMD board of directors, a formal review of the PBID will be conducted that considers changes in market dynamics, new development, and other influences on the district. The district, through a petition and ballot process, may then be renewed prior to the expiration of the ten year term.</p>																														

Section 2: PBID Boundary

The Old Pasadena PBID provides various improvements, services, and activities for and within an approximately 21-block area of Pasadena. The District is bounded by Pasadena Avenue on the west, Walnut Street on the north, Arroyo Parkway on the east, and Del Mar Boulevard on the south. Because the scope and nature of the District and level of services to be provided vary in different parts of the District, five benefit zones have been established based on these variations. The following is a description of the District Zones:

Zone 1: encompasses the core area of Old Pasadena, along Colorado Boulevard, the South side of Union Street and the North side of Green Street between South Raymond and Mills Alley, but excludes the parcels that comprise One Colorado (Zone 3).

Zone 1 has the highest pedestrian activity and generally has the highest demand for most of the services and activities provided by the District. Its services include but are not limited to: more frequent pressure washing; frequent attention from day porters; more trash removal; and the highest visibility of security. Collectively, approximately 36.7% of the service and activities (costs) are associated with this Zone

Zone 2: is comprised of two areas. The northern area of Zone 2 which includes all properties to the North of Union Street, East of Fair Oaks, and West of Arroyo Parkway (excluding Memorial Park). The southern area of Zone 2 includes the blocks north of Valley Street between Pasadena Avenue and Fair Oaks; properties facing Dayton Street between Fair Oaks and Raymond; as well as properties on Raymond from Del Mar to just south of Green Street (excluding Central Park) and as far east as the Gold Line Right of Way.

Zone 2 generally has less commercial activity than Zone 1, but has the highest residential density than any other zone in the district. Because this Zone is the largest and has greater street frontage (equivalent block faces) and residential parcels than Zone 1, this Zone requires slightly more District activities than those provided to Zone 1. Collectively, approximately 38.8% of the service and activities (costs) are associated with this Zone.

Zone 3: is comprised of One Colorado properties along Colorado Blvd. between De Lacey and Fair Oaks (excluding the southeast corner of Union and De Lacey) as well as the South side of Union Street to Exchange Alley between Fair Oaks and Kendall Alley. Zone 3 includes only the One Colorado properties.

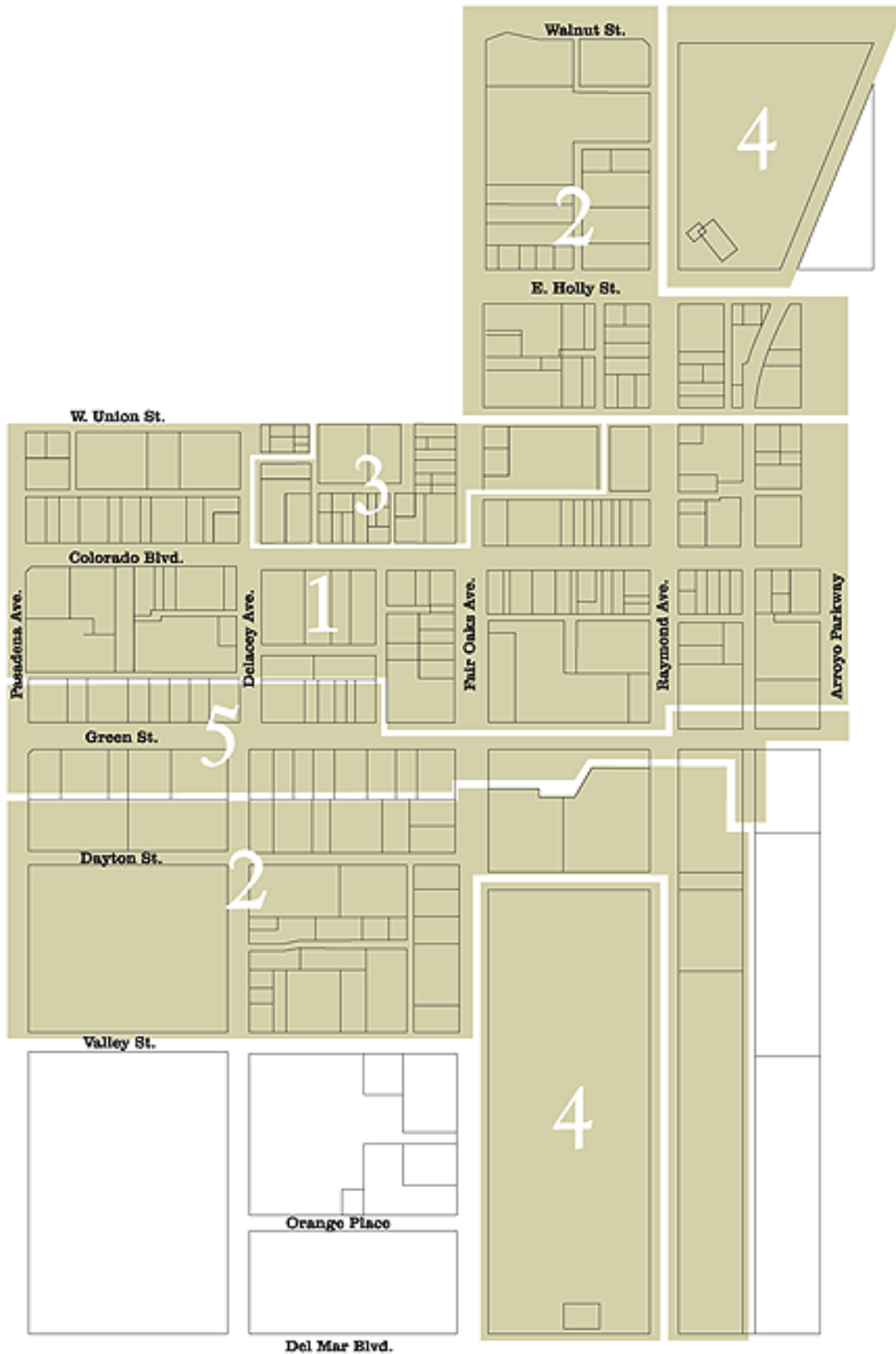
The One Colorado properties already provide a high level of private security and maintenance services, and therefore require less support from the District for these services and activities. While these properties privately fund services that are similar to those provided by the District, the District's efforts and support to the surrounding area (other Zones) directly enhance the properties in Zone 3 by reducing potentially even higher private security and maintenance costs that might otherwise be incurred if the surrounding area lacked such services. In addition to privately funding similar services that are provided by the District, Zone 3 properties provide an aggressive schedule of special events throughout the year, as well as additional marketing efforts that highlight all of Old Pasadena as a destination for consumers. These overall contributions to the District are reflected in the District budget for Zone 3, which is assessed for about 5.3% of the District's total assessed costs.

Zone 4: is comprised of Memorial Park and Central Park. While the benefit to properties within Zone 4 may not be as great as those properties in other zones, the District does provide street sweeping, pressure washing, security, and other activities specifically for this Zone, and these properties derive special benefits from those services and activities proportionate to the District resources applied in that area. Collectively, approximately 8.2% of the service and activities provided by the District (costs) are associated with this Zone. Because the City owns all the property in this Zone, a portion of the City's annual contribution to the District is used to offset these parcels' proportional special benefit assessments, which is why this Zone is not levied assessments on the Tax Rolls.

Zone 5: includes properties that face or have a significant amount of frontage along the north and south sides of Green Street between Pasadena Avenue and Arroyo Parkway excluding the north side of Green Street between South Raymond and Mills Alley.

Due to its lesser street frontage (equivalent block faces), Zone 5 receives less attention from day porters, trash removal, and security foot patrol than Zones 1 and 2; but certainly greater service levels than what is provided in Zones 3 and 4. However, the frequency of the services in Zone 5 is consistent with those in Zone 1. Collectively, approximately 11.1% of the service and activities (costs) are associated with this Zone.

The PBID boundary is illustrated by the map on the following page.



Section 3: PBID Improvement and Activity Plan

Old Pasadena PBID Management District Plan

As determined by area property and business owners, the top priority for services and activities within the Old Pasadena PBID area include:

- ◆ Environmental Enhancements (Public Safety, Maintenance, Homeless Outreach, Beautification)
- ◆ Marketing
- ◆ Administration

The goals for the PBID are:

- 1) Provide a safe and clean environment within the District that will attract private investment and more business and residential activity, and improve assessed parcels
- 2) Improve commerce within the PBID by reducing vacancies and increasing lease and rental rates to encourage reinvestment within the district
- 3) Maintain the District's profile as a premier regional destination to attract a quality customer, tenant, and resident base.

The programs and activities of the PBID are intended to achieve these goals by:

- ◆ Maintaining commerce by improving the appearance and safety of the PBID,
- ◆ Maintaining commerce by maintaining building occupancy and making the properties attractive as a business and residential location.
- ◆ Maintaining commerce through marketing and event activity that promotes the District as a premier regional destination to consumers and the media.
- ◆ Advocating for the District's best interests and needs with city staff, City Council, and other entities whose partnership and support are necessary.

Based upon these findings, the following service and activity categories will be funded by the PBID. The following narrative provides recommendations for the PBID's first year of operation. District activities may be amended in subsequent years within the following general categories. Final activities and budgets will be subject to the review and approval of the PBID Owners Association prior to City Council approval.

Environmental Enhancements

Public Safety

Old Pasadena Public Safety Program

The mission of the 21-block Old Pasadena Ambassador Guide program is to support the police department, property owners, and tenants in overall efforts to prevent crime and reduce street disorder, while offering a customer service orientation to pedestrians. They provide highly visible neighborhood security and are intended to supplement-not supplant individual building security and the Pasadena Police Department.

Integration with the Pasadena Police Department

The Old Pasadena security program works closely with the Pasadena Police and integrates the Old Pasadena program with that of the Police. Pasadena Police Department officers are active in the development and training of the Old Pasadena Guide personnel.

Bicycle Patrol

The Bike Patrol deters aggressive panhandling and other unsuitable street behavior. Their presence is a deterrent to theft and burglary from motor vehicles; however, the service does not completely prevent these crimes. They also deter and report illegal street vending, illegal dumping and street code violations. They observe and report a myriad of quality-of-life problems including: drinking in public, urinating in public, public drunkenness, trespassing, and shopping cart confiscation.

The Bike Patrol officers also act as ambassadors performing goodwill gestures such as giving directions to visitors, escorting employees, helping lost persons, and retrieving keys from locked cars and conducting tours. Bike Patrols also assist with traffic control in the event of accidents, fires or unusual occurrences. They patrol assigned routes evenly, covering all property equally on any route in the District. They are professional, friendly, courteous, people-oriented individuals in excellent physical condition. The Bike Patrol officers complete 40 hours of customized classroom training and 16 hours of field training.

Foot Patrol

The Foot Patrol will concentrate on the highest pedestrian use corridors such as Colorado Boulevard and Fair Oaks Avenue. The Foot Patrol has the same mission and receives the same training as the Bike Patrol. Uniforms and equipment will be identical. Because of their easy accessibility to pedestrians, the Foot Patrol will act as ambassadors helping visitors find their dining, shopping and parking destinations.

Maintenance

Old Pasadena Clean Team

The Clean Team consistently deals with maintenance issues within the District. To effectively deal with the maintenance issues facing Old Pasadena, a multi-dimensional approach has been developed consisting of the following elements:

Sidewalk Maintenance

Uniformed, radio-equipped personnel sweep litter, debris, and refuse from sidewalks and gutters of the District, and clean all sidewalk hardscape such as trash receptacles, benches, and parking meters. Sidewalks are pressure washed no less than twice a month, and areas requiring spot-cleaning are addressed nightly.

Alley Maintenance

The Clean Team and safety patrols each have responsibility in this area. Guide safety personnel address owner and tenant compliance with City code issues on cleanliness of sidewalks, alleys and illegal dumping. The Clean Team crew sweeps the alleys, removes graffiti and clears the alley of debris when a responsible party cannot be found for illegal dumping or other violations.

Graffiti Removal

The Clean Team removes graffiti by painting, using solvent and pressure washing. The District will maintain a zero tolerance graffiti policy. All tags will be removed within 24 hours of notification.

Sidewalk Pressure Washing

Pressure washers service 3-6 blocks per night, 7 nights a week. The District standard is to have all sidewalks cleaned at least twice a month. The high use areas will be cleaned more frequently.

Trash Collection

The District provides for all collection of trash from sidewalk trash receptacles daily, or more frequently if needed. Trash receptacles are cleaned and maintained regularly.

Landscape Maintenance

Public landscape areas, tree wells, and planters will be maintained and kept free of litter and weeds.

Paper Sign and Handbill Removal

Paper signs and handbills taped or glued on public property, utility boxes, poles and telephone poles are removed by hand or when necessary by high pressure hose.

Special Collections

District trucks will be available to collect stolen shopping carts and large bulky items illegally dumped in the District.

Maintenance Problems Requiring Third Party Intervention

Problems in the District that create blighted or unsafe conditions are monitored but are outside of the jurisdiction of the District to repair. Requests are made to the responsible party for repair. Types of problems include blocked or damaged sewers or drains, damaged sidewalks/streets/alleys, non-operating street lights, damaged or missing street signs, etc.

Homeless Outreach

Reducing homelessness and containing disruptive behaviors from street populations is another top priority among downtown property and business owners, citing concerns with nuisance crimes, compounding maintenance issues, and creating an intimidating street atmosphere.

Specific program and service components: To reduce homelessness in Old Pasadena, a multi-faceted approach that combines resources from the business community, city and social service agencies is proposed. Elements of this initiative that could be supported by PBID assessments include:

- **Homeless Outreach Team:** In partnership with a social service agency, a homeless outreach team could include professional social workers that meet daily with homeless individuals, helping to place them in the city's continuum of care, or offering assistance to stabilize their condition on the street.

- **Ambassadors**, described in a previous section of the Management Plan, are expected to be trained in concert with social service providers to assist in connecting street populations to appropriate services.

Beautification

In addition to clean and safe services, the PBID budget includes funds for beautification and placemaking improvements that are defined as cosmetic enhancements that improve the appearance, walkability, and bikeability within the PBID, in turn encouraging customer traffic and improved quality of life for residents. Examples of beautification improvements might include:

- Design and installation of flowering planters and baskets
- Directional, wayfinding and gateway signage
- Street furniture and amenities, such as benches, kiosks and lighting
- Design and installation of art and decorative elements
- Holiday décor
- Bicycle racks and other hardware
- Urban design and/or planning services to advance beautification efforts
- Other cosmetic enhancements that improve the PBID's appearance.

Marketing

This program includes several tools to increase the numbers of visitors to the District, support efforts of property owners and brokers to attract and retain tenants, and to help Old Pasadena maintain its popularity in the face of increasing competition. Several types of marketing and communication elements are used to achieve this:

- Old Pasadena website www.oldpasadena.org
- Social media
- Full-color shopping, dining and business directory brochures
- Public and media relations
- Development of Old Pasadena image pieces
- Full-color Old Pasadena in-depth monthly newsletter
- Sponsorship and tenant development support packets
- Community-based events
- Event planning
- Retail recruitment

Funds may also be utilized for “district branding” opportunities, such as pole banners, logos, signs and wall maps; promotional materials, including advertising, maps, visitors’ guides, press releases; maintenance of the District web site; annual economic benchmarking research; and similar projects. In addition, overtures may be made to potential corporate sponsors to attract new (non-assessment) revenues to leverage the marketing activities of the District.

Administration

A professional staff that requires centralized administrative support will manage the District improvements and activities. Core services are delivered 16 hours a day, seven days a week. The District budget contains five budgeted positions plus costs for contracted supervision for all

core services. The professional staff manages day-to-day operations of all the services and programs, under the direction and control of the Board of Directors of the Old Pasadena Management District. This professional staff represents the District's interests in advocacy and relationship efforts with local government and media, in addition to coordinating and complying with all contractual obligations to the City of Pasadena and vendors. In support of these efforts, funding is allocated to pay for related office expenses; legal, telephone/internet access; accounting services; travel expenses; insurance (workers compensation, general liability and directors/officers liability); dues/subscriptions; equipment/furniture; rent; and database maintenance. Personnel expenses include salaries, benefits and payroll taxes.

Reserve: An operating reserve will be maintained for the PBID as determined annually by the Board of Directors. The operating reserve may include funding from each of the preceding categories, including Environmental Services, Marketing and Administration.

Section 4: PBID Assessment Budget

2016 PBID Assessment Budget

The following table outlines the PBID maximum assessment budget for 2016.

EXPENDITURES	BUDGET	% of Budget
Environment		
Clean	\$240,000	18.18%
Safe	\$630,000	47.73%
Beautification (place making)	\$70,000	5.30%
Total Environment	\$940,000	71.21%
Marketing	\$180,000	13.64%
Administration	\$200,055	15.16%
Total Expenditures	\$1,320,055	100.00%
REVENUES		
Assessment Revenues	\$1,286,587	97.46%
Other Revenues (1)	\$33,468	2.54%
Total Revenues	\$1,320,055	100.00%

(1) Other non-assessment funding to cover the cost associated with general benefit.

The following table illustrates the special benefit PBID budget (\$1,286,587) that is allocated to each benefit zone.

PBID Activity	ZONE 1	ZONE 2	ZONE 3	ZONE 4	ZONE 5	TOTAL
Environment	\$335,994	\$355,657	\$48,427	\$74,705	\$101,384	\$916,167
Marketing	\$64,339	\$68,105	\$9,273	\$14,305	\$19,414	\$175,436
Administration	\$71,508	\$75,693	\$10,307	\$15,899	\$21,577	\$194,983
TOTAL	\$471,840	\$499,454	\$68,007	\$104,910	\$142,375	\$1,286,587

- ♦ Annual assessments may increase no more than 5% per year, consistent with the increase in consumer price index (CPI) and/or other increases in program costs. The determination of annual adjustments in assessment rates will be subject to the review and approval of the board of the Owners Association, which is the Old Pasadena Management District.
- ♦ Every year the Owners Association (Old Pasadena Management District) may reduce the annual budget and assessments, if it is deemed that not all services are needed for the following fiscal year.

10-Year Maximum Assessments

The following table illustrates the PBID's maximum annual assessments for the 10-year life term, adjusting it by the maximum 5% inflation factor.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Zone 1										
Lot Sq. Ft.	0.29397	0.30867	0.32410	0.34031	0.35732	0.37519	0.39395	0.41365	0.43433	0.45604
Ground Floor Sq.Ft.	0.34683	0.36417	0.38238	0.40150	0.42157	0.44265	0.46479	0.48802	0.51243	0.53805
Non-Ground Floor Sq.Ft.	0.17325	0.18191	0.19101	0.20056	0.21059	0.22112	0.23217	0.24378	0.25597	0.26877
Zone 2										
Lot Sq. Ft.	0.14833	0.15575	0.16353	0.17171	0.18030	0.18931	0.19878	0.20872	0.21915	0.23011
Ground Floor Sq.Ft.	0.27628	0.29009	0.30460	0.31983	0.33582	0.35261	0.37024	0.38875	0.40819	0.42860
Non-Ground Floor Sq.Ft.	0.13809	0.14499	0.15224	0.15986	0.16785	0.17624	0.18505	0.19431	0.20402	0.21422
Zone 3										
Lot Sq. Ft.	0.18203	0.19113	0.20069	0.21072	0.22126	0.23232	0.24394	0.25613	0.26894	0.28239
Ground Floor Sq.Ft.	0.29944	0.31441	0.33013	0.34664	0.36397	0.38217	0.40128	0.42134	0.44241	0.46453
Non-Ground Floor Sq.Ft.	0.14956	0.15704	0.16489	0.17313	0.18179	0.19088	0.20042	0.21045	0.22097	0.23202
Zone 4										
Lot Sq. Ft.	0.08737	0.09174	0.09633	0.10114	0.10620	0.11151	0.11708	0.12294	0.12909	0.13554
Ground Floor Sq.Ft.	2.24408	2.35628	2.47410	2.59780	2.72769	2.86408	3.00728	3.15765	3.31553	3.48130
Non-Ground Floor Sq.Ft.	1.12100	1.17705	1.23590	1.29770	1.36258	1.43071	1.50225	1.57736	1.65623	1.73904
Zone 5										
Lot Sq. Ft.	0.21352	0.22420	0.23541	0.24718	0.25953	0.27251	0.28614	0.30044	0.31547	0.33124
Ground Floor Sq.Ft.	0.29183	0.30642	0.32174	0.33783	0.35472	0.37246	0.39108	0.41063	0.43117	0.45272
Non-Ground Floor Sq.Ft.	0.14581	0.15310	0.16076	0.16879	0.17723	0.18609	0.19540	0.20517	0.21543	0.22620

Section 5: Public Sector Participation

Existing City Services

The City Council, by adopting this plan, will confirm its intention to ensure an existing level of services in the district equivalent to the level that is being provided elsewhere in the City. Assessment funds will pay for services that are above and beyond those services provided by the City.

Overall Contribution to the PBID

Since the formation of the PBID in 2000, the City of Pasadena has contributed \$545,000 annually to support District services and provide for several baseline services that were assumed by the PBID. In 2010, this amount was calculated to include \$139,701 in direct property assessments, plus a non-assessment contribution of \$405,299.

For the renewed PBID, three components of City participation are anticipated, including:

1) payment of assessments for City properties; 2) payment of quantified general benefits; and 3) ongoing contribution to support District services. For the first year of the renewed PBID, a total of \$604,463 is anticipated, allocated to the following components:

1) Payment of Assessments for City Properties	2) Payment of Quantified General Benefits	3) Ongoing Contribution to Support District Services
\$ 165,696	\$ 33,468	\$ 405,299

The preceding assessment amounts, i.e. 1) payment of assessments for city properties, and 2) payment of quantified general benefits, will be adjusted each year in the same way that all assessments are adjusted, and will be subject to annual increases of up to 5% as determined by the Owners Association, which is the board of the Old Pasadena Management District.

Rationale for Public Property Assessments

Proposition 218 states that no parcel is exempt from assessments if that parcel receives benefit from the improvements and activities. This includes government and Public use parcels. The City of Pasadena and any other government owned parcels within the PBID boundary will pay their assessment based on the special benefits conferred to those parcels. All publicly owned parcels specially benefit from the PBID activities as they make each assessed parcel cleaner, safer, more attractive, and economically vibrant. Specifically, these parcels specially benefit from: removing graffiti from their buildings, patrolling their sidewalks, connecting the homeless to available resources, cleaning up any debris or trash, powerwashing the sidewalks, beautifying the public right-of-ways, and increased business development.

Therefore, government uses are assessed for the special benefits they receive from the PBID activities. The assessment methodology to allocate the cost of these improvements is consistent with all other land uses in the district: parcel square footage, ground floor building square footage, plus non-ground floor building square footage. Please see Section 6: Assessment Methodology for further discussion.

The City owns 16 parcels within the PBID boundary.

Section 6: Assessment Methodology

General

This Management District Plan provides for the levy of assessments for the purpose of providing services and activities that specially benefit real property in the PBID. These assessments are not taxes for the general benefit of the City, but are assessments for the services and activities which confer special benefits upon the real property for which the services and activities are provided.

Assessment Factors

Old Pasadena property owners and business owners have emphasized that the assessment formula for the Old Pasadena PBID be fair, balanced, and have a direct relationship to special benefits received. The State enabling legislation also states, "Assessments levied on real property...shall be levied on the basis of the estimated benefit to the real property within the...district."

The method used to determine proportional special benefits are measured by each parcel's lot square footage, ground floor building square footage, plus the non-ground floor building square footage. For a complete and detailed description of the assessment factors and the assessment formulas, please refer to the Engineer's Report included as Appendix A.

Special Benefit Analysis

All special benefits derived from the assessments outlined in this report are for property related activities directly benefiting each individual assessed parcel in the PBID. The special benefit must affect the individual assessable parcel in a way that is particular and distinct from its effect on other parcels, and that real property in general and the public at large do not share. No parcel's assessment shall be greater than the special benefits received.

Streets and Highways Code Section 36601(e) states that "Property and business improvement districts formed throughout this state have conferred special benefits upon properties and businesses within their districts, and have made those properties and businesses more useful by providing the following benefits: (1) Crime reduction. A study by the Rand Corporation has confirmed a 12-percent reduction in the incidence of robbery and an 8-percent reduction in the total incidence of violent crimes within the 30 districts studied. (2) Job creation. (3) Business attraction. (4) Business retention. (5) Economic growth. (6) New investments.

The PBID's goal is to fund activities and improvements that provide a cleaner, safer, and more attractive and economically vibrant environment as outlined in Section B. The goal of improving the economic vitality is achieved by improving the safety, cleanliness, marketing, and appearance of each specially benefitted parcel in an effort to increase commerce, to increase building occupancy and lease rates, and to attract more customers, employees, tenants and investors.

Each parcel will specially benefit from:

- Cleaner and safer sidewalks, streets, alleyways, and common areas
- Real and perceived public safety improvements
- Greater pedestrian traffic

- Enhanced rental incomes
- Improved business climate
- New business and investment
- Well managed programs and services

Specifically each parcel benefits from each of the PBID activities as defined below.

Safety

The enhanced safety activities make the area more attractive for businesses, customers, residents, and ultimately private investment. When business location decisions are made, “lower levels of public safety lead to increased uncertainty in decision making and can be perceived as a signal of a socio-institutional environment unfavorable for investment. Uncertainty affects the investment environment in general. But in particular, it increases the fear of physical damage to investment assets (or to people) or their returns...Almost universally, places with lower crime rates are perceived as more desirable”.¹ Once economic investment occurs within the district, pedestrian traffic and commercial activity will increase. The special benefit to assessed parcels from these services is the likelihood of increased lease rates and tenant occupancy due to the increase of commercial activity, and an increase in customers that follow from having a safer environment.

Maintenance and Beautification

The maintenance and beautification activities benefit each assessed parcel within the PBID by providing a clean and aesthetically appealing environment. This is achieved through sidewalk sweeping and power washing, removing litter and graffiti, and trash removal. In addition, the beautification activities benefit each assessed parcel by providing wayfinding signage, sidewalk benches, holiday décor, planters, etc. These activities create the environment needed to achieve the PBID goals.

Marketing

The Marketing activities will specially benefit each assessed parcel by encouraging business development and investment. This generates customer traffic which directly relates to increases in commercial activity including residential serving businesses, filling of vacant storefronts and offices, and ultimately increased lease rates for retail and office space.

Special Benefit Conclusion

Based on the special benefits each assessed parcel receives from the PBID activities, we concluded that each of the proposed activities provides special benefits to the real property within the district, and that each parcel’s assessment is in direct relationship to and no greater than the special benefits received.

The special benefit to parcels from the proposed PBID activities and improvements described in this report is equal to or exceeds the total amount of the proposed assessment. Each individual assessed parcel’s assessment is no greater than the special benefit it receives from the PBID activities.

¹ “Accelerating economic growth and vitality through smarter public safety management” IBM Global Business Services Executive Report, September 2012, pg. 2

General Benefit Analysis

As required by the State Constitution Article XIID Section 4(a), the general benefits of an assessment district must be quantified and separated out so that the cost of the activities that are attributed to general benefit are deducted from the cost assessed against each specially benefitted parcel. General benefits are benefits from the PBID activities and improvements that are not special in nature, are not “particular and distinct”, and are not over and above the benefits that other parcels receive. This analysis will evaluate and determine the level of general benefits that (1) parcels outside of the PBID, and (2) the public at large, may receive.

General Benefit to Parcels Outside of the PBID

All the PBID activities and improvements are provided solely to each of the individual assessed parcels in the PBID boundary. Each of the PBID activities is provided to the public right-of-ways (streets, alleys, sidewalks) adjacent to all specially benefitted parcels or tenants in the PBID. None of the surrounding parcels will directly receive any of the PBID activities. Any benefits these parcels may receive are incidental to providing special benefits to the assessed parcels, and thus any cost associated to the incidental benefits are not reduced from the cost of providing special benefit.

General Benefit to the Public At Large

In addition to general benefit analysis to the parcels outside of the PBID boundary, there may be general benefits to the public at large, meaning those people that are either in the PBID boundary and not specially benefitted from the activities, or people outside of the PBID boundary that may benefit from the PBID activities. In the case of the PBID, the public at large are those people that are within the PBID boundary that do not pay an assessment and do not specially benefit (employees, tenants, and customers) from the PBID activities.

To help determine this, 6 business districts in nearby Los Angeles (Historic Downtown, Leimert Park, Arts District, Downtown Industrial, Fashion District, and Sherman Oaks) conducted intercept surveys. These surveys determined the percentage of people that are within the district that are not specially benefitted and did not engage in business activity. The six intercept surveys found that on average 1.4% of the respondents were within the district boundary and not specially benefitted.

In the case of the Old Pasadena PBID we use these survey results to then further quantify the relative benefit the specially benefitted public and the general public may receive from the PBID activities. The general public may appreciate the enhanced level of security and maintenance as well as the beautification activities as it passes through the District whether they are engaging in commerce or not. The specially benefitted public receives 100% of the PBID activities and special benefit. The general public's relative benefit is less than the specially benefitted public, and based on the surveys discussed above, that percentage is 1.4%. However, to be conservative, we apply a relative benefit percentage of 5.0% to account for any potential difference between Los Angeles PBIDs and the Old Pasadena PBID.

We then apply the relative benefit percentage for the general public to each of the PBID activities. The table below shows the budget for each of the PBID activities and their respective percentage of the total PBID budget. We then apply a relative benefit factor to each activity accounting for the potential benefit the general public may receive. The relative benefit factor is then multiplied by the PBID activity's budget percentage to determine the overall benefit factor. The following table illustrates this calculation.

PBID Activity	A Budget Amount	B % of Budget	C General Benefit Factor	D General Benefit Percent (B x C)	E General Benefit Allocation (A x D)
Environment	\$940,000	71.21%	5.00%	3.5605%	\$33,468

This analysis indicates that \$33,468 may be attributed to general benefit to the public at large, and will be raised from sources other than special assessments.

Total General Benefits

Using the sum of the two measures of general benefit described above, we find that \$33,468 or 2.54% of the total PBID budget may be general in nature and will be funded from sources other than special assessments.

Assessment Calculation

As previously discussed, the PBID activities are segregated into 5 benefit zones. Each benefit zone's land use characteristics and assessment factors are as follows:

Assessment Factors	ZONE 1	ZONE 2	ZONE 3	ZONE 4	ZONE 5
Lot Square Feet	755,268	1,441,390	171,304	615,163	280,957
Ground Floor	528,724	563,314	116,535	22,800	176,944
Non-Ground Floor	383,476	941,615	12,902	0	210,872

Based on the parcel characteristics and the budget for each Zone, the following are the calculated rates for each assessment factor and each benefit zone for fiscal year 2015/2016.

Assessment Rates	ZONE 1	ZONE 2	ZONE 3	ZONE 4	ZONE 5
Lot Square Feet	\$0.293970	\$0.148325	\$0.182029	\$0.087367	\$0.213523
Ground Floor	\$0.346828	\$0.276283	\$0.299441	\$2.244080	\$0.291829
Non-Ground Floor	\$0.173253	\$0.138088	\$0.149559	\$1.121000	\$0.145807

Annual Assessment Adjustments

Budget Adjustment

Annual assessments may increase no more than 5% per year consistent with the increase in consumer price index (CPI) and increases in program costs. The determination of annual adjustments in assessment rates will be subject to the review and approval of the board of the Old Pasadena Management District.

Time and Manner for Collecting Assessments

As provided by state law, the Old Pasadena PBID assessment will appear as a separate line item on the annual Los Angeles County property tax bills, or by a special manual bill prepared by the City of Pasadena and either paid in one lump sum or in two equal installments. Laws for enforcement and collection of property taxes also apply to the PBID assessment.

Disestablishment

State law provides for the disestablishment of a PBID pursuant to an annual process. The 30-day period begins each year on the anniversary day that the City Council first establishes the District. Within this annual 30-day period, if the owners of real property who pay more than 50 percent of the assessments levied submit a written petition for disestablishment, the PBID may be dissolved by the City Council. The City Council must hold a public hearing on the proposed disestablishment before voting on whether or not to disestablish the district.

Duration

The PBID will have a ten year term commencing January 1, 2016 through December 31, 2025. Any major modifications or new or increased assessments during the term of the district that are not consistent with the provisions of original Management District Plan will require a new mail ballot process.

During Year 5 of the district, or at any other time as determined by the OPMD board of directors, a formal review of the PBID will be conducted that considers changes in market dynamics, new development, and other influences on the district. The district, through a petition and ballot process, may then be renewed prior to the expiration of the ten year term.

Bond Issuance

No bonds will be issued to finance improvements.

Section 7: PBID Governance

City Council

Following the submission of petitions from property owners representing more than 50% of the assessments to be paid, the City Council, upon holding a public hearing on the proposed District, may elect to renew the PBID. The PBID is renewed by a City Council resolution, including the levy of an assessment on property, if the assessment is first approved by parcel owners in a balloting process.

PBID Governance

Consistent with business improvement district legislation throughout the nation, California's "Property and Business Improvement District Law of 1994" establishes a governance framework that allows property owners who pay assessments the ability to determine how the assessments are used. This Management District Plan may be subject to changes if required by the state of California or the City of Pasadena.

Old Pasadena Management District: The affairs and corporate powers of the Old Pasadena Management District shall be exercised by, or under the direction of, the Board of Directors. The leadership for these elected representatives will continue to provide meaningful representation by assessment-paying property owners, as well as those other stakeholders who benefit from the services provided. The Board of Directors of the Old Pasadena Management District currently provides for a 17-member Board with representatives from property owners, business owners, and residents located within the PBID boundaries, a majority of whom will always be assessment paying owners. It is expected that representation for residential interests will increase proportionate to the increase in residential assessment income, and that the increase of residential representation will be in addition to the current assessment-paying owner representation on the Board.

Section 8: Implementation Timeline

The Old Pasadena PBID will have a ten year life from January 1, 2016 to December 31, 2025.

In order for the PBID to meet the start-up date of January 1, 2016, the formation needs to adhere to the following schedule:

Formation Schedule	Dates
Petitions distributed to property owners	March
Marketing campaign to obtain signed petitions: presentations, neighborhood meetings, 50% weighted vote targeting	March - April
City Council adopts Resolution of Intention	April 27
Assessment ballots mailed to property owners	April 30
City Council holds public hearing and tabulates ballots	June 22