

STAFF REPORT

City of Lancaster

CB 1
5/28/13
MVB

DATE: May 28, 2013

TO: Mayor Parris and City Council Members

FROM: Kelvin Tainatongo, Assistant to the City Manager
Chenin Dow, Projects Assistant

SUBJECT: **Proposed Downtown Lancaster Property-Based Improvement District (PBID)**

Recommendations:

- A. Adopt **Resolution No. 13-14**, a resolution of the City Council of the City of Lancaster accepting the petitions submitted by Downtown Lancaster property owners in support of establishing a Property-Based Improvement District (PBID) in the downtown area and declaring the intention to establish this PBID.

- B. Set a public hearing for July 23, 2013 to consider formation of the District.

Fiscal Impact:

None.

Background:

The City of Lancaster has made revitalization of the downtown area a top priority in recent years, completing a massive revitalization effort in 2010 and dedicating significant resources to such activities as major special events and farmers' markets in an effort to create a vibrant and thriving downtown for local residents and business owners to enjoy. These revitalization efforts have attracted 50 new businesses to the downtown area and breathed new life into the downtown merchant association, known as The BLVD Association. Newcomers and long-established business owners and property owners alike have consistently requested services above and beyond what the City provides and what can be accommodated in the Association's existing budget, which is currently less than \$25,000 annually. This revenue is generated through a Business Improvement District (BID) formed in 1989, which charges business owners BID fees in addition to their business license fees each year to fund promotional activities for the downtown area.

In an effort to satisfy the needs of its members and create a stable, sustainable funding source for the newly revitalized downtown area, The BLVD Association has partnered with the City of Lancaster to initiate the formation of a Property-Based Improvement District (PBID). PBIDs serve as a valuable tool to create sustainable, vibrant downtowns in cities throughout California,

including Pasadena, Long Beach, and Sacramento. With the incredible growth catalyzed by the City's revitalization project, The BLVD has now reached a stage in its evolution at which it must establish a stable funding source in order to ensure the ongoing success of the downtown and its businesses. The activities and programs of the proposed PBID will work to attract new patrons, generate increased revenue, strengthen property values, and help downtown businesses thrive.

The proposed PBID would replace the existing BID and would assess property owners via their property tax bills in place of charging business owners a fee. It would utilize the resulting funds in the following major categories: Clean and Safe: 30% (i.e. security, enhanced maintenance services, janitorial services); Marketing and Promotions: 50% (i.e. advertising, marketing, special events); Advocacy and Administration: 18% (i.e. staffing to implement PBID programs, tenant attraction and retention); and a contingency (2%). The proposed PBID would be governed by a Board of Directors representing the downtown business and property owners.

The City and The BLVD Association have conducted extensive outreach efforts in the form of group meetings, one-on-one meetings, phone calls, regular mail, and e-mails to ensure that downtown property owners were informed of the proposed district and given the opportunity to voice their opinions. As a result of this outreach, property owners representing more than 50% of downtown properties submitted petitions in support of the proposed PBID. In contrast, owners representing just over 2% of properties voiced opposition to the proposed District, while approximately 6% of downtown ownership consisted of major corporations who elected to maintain neutrality in order to let locally-based owners decide.

The item now before you for consideration would accept the petitions collected during the petition drive, declare the intent to establish the proposed PBID, and set a public hearing to consider formation of the PBID. The next step in the formation process is the ballot phase, in which ballots will be mailed to all property owners of record within the proposed district boundaries. Ballots must be remitted to the City Clerk prior to the close of the public hearing on July 23, 2013 at 5:00 p.m. Following this, the City Clerk will count the ballots. Should a majority of the votes cast be in support of the PBID and the City Council accepts these results, the PBID would then be enacted and would take effect in January 2014.

Attachment:

Resolution No. 13-14

KT:cd