

STAFF REPORT
City of Lancaster

7/23/13
MVB

DATE: July 23, 2013

TO: Mayor Parris and City Council Members

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

SUBJECT: **Formation of the Downtown Lancaster Property-Based Improvement District, Approval of the Assessment Formula, and Levy of the Assessments**

Recommendation:

Adopt **Resolution No. 13-44**, establishing the Downtown Lancaster Property-Based Improvement District (PBID), approving the assessment formula and levying the assessments provided a majority of the votes cast in the Downtown Lancaster ballot process are in favor of formation of the PBID.

Fiscal Impact:

None.

Background:

The City of Lancaster has made revitalization of the downtown area a top priority in recent years, completing a massive streetscape reconstruction project 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 efforts have attracted 53 new businesses to the downtown area, increased revenue by 116% since 2007 (the year prior to adoption of the Downtown Specific Plan), and breathed new life into the downtown merchant association, known as The BLVD Association.

With this growth in commerce and patronage has come an increased need for cohesive marketing efforts, security, maintenance, and other services to ensure that The BLVD thrives well into the future. Downtown business and property owners have consistently requested such services since The BLVD's transformation. In response to this need, The BLVD Association and the City have worked hand-in-hand throughout the past year to conduct the formation process for the proposed Downtown Lancaster Property-Based Improvement District (PBID). With more than 200 active PBIDs currently operating throughout California, these improvement districts are a tried-and-true

funding mechanism for sustainable downtown areas. 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 Business Improvement District (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 PBID would be governed by a Board of Directors representing the downtown business and property owners.

Beginning in November 2012, BLVD Association representatives and City staff led outreach efforts to give property and business owners the opportunity to provide input regarding the structure of the proposed PBID. Throughout April and May 2013, a petition drive was conducted, during which property owners representing more than 52% of downtown ownership submitted petitions in support of PBID formation. In contrast, just over 2% expressed opposition to the district's formation, while approximately 8% elected to maintain neutrality. Following these phases of the formation process, the City Council accepted the petitions at its meeting on May 28 and initiated the ballot phase, setting a public hearing for July 23.

The item now before you for consideration would accept the results of the ballot process, establish the Downtown Lancaster PBID, approve the assessment formula, and levy the assessments. If enacted, the PBID will take effect in January 2014 and continue through December 2018.

KT:cd

Attachment:

Resolution No. 13-44