



**City of Long Beach**  
Working Together to Serve

**Memorandum**  
Councilmember Al Austin  
Eighth District

**R-10**

**Date:** January 16, 2018  
**To:** Mayor and Members of the City Council  
**From:** Councilmember Al Austin, Eighth District *Al*  
Councilmember Suzie Price, Third District *S*  
Councilmember Daryl Supernaw, Fourth District *DS*  
**Subject:** City Auditor's Report on Business Improvement District Audit

---

**RECOMMENDED ACTION:**

**Receive and file a report from the City Auditor on the findings and recommendations of the recently completed audit on the City's Business Improvement District (BID) oversight.**

**BACKGROUND:**

A critical component of economic development in Long Beach is the successful participation of business districts along some of the City's key commercial corridors. The 10 Business Improvement Districts (BIDs) throughout the City received nearly \$17 million in 2016, of which \$9 million was assessment revenue collected and distributed by the City. The City also pays approximately \$630,000 in assessment fees per year as a property owner to certain BIDs.

Parking and Business Improvement Districts (PBIDs) and Property Business Improvement associations (PBIAAs) are formed to promote and market a specified area within the City by imposing a special assessment on business and property owners.

Per state law, the City Council has the authority to establish the district or association and has the sole discretion as to how the revenue collected from assessments is to be used within the scope of state law. The City enters into an agreement with each district or association where responsibilities of both parties are outlined, including required record keeping and reporting of finances.

After the issue was first raised at the City Council meeting on December 20, 2016, City Auditor Laura Doud, under her purview established by the City Charter, initiated an audit of the City's oversight of BIDs.

The Audit was released at the end of December 2017. The report made five key findings related to the agreements with the City, reporting processes and revenue, and made several recommendations to address those findings.

**FISCAL IMPACT:** There is not fiscal impact with this recommended action.