



# CITY OF LONG BEACH

# H-1

DEPARTMENT OF ECONOMIC AND PROPERTY DEVELOPMENT  
333 West Ocean Boulevard 3<sup>rd</sup> Floor • Long Beach, CA 90802 • (562) 570-6099 • Fax (562) 570-6380

August 11, 2015

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Receive the supporting documentation into the Record, conclude the Hearing to consider the establishment of the Midtown Business Improvement District (MBID); direct the City Clerk to tabulate the ballots and report the results of the tabulation to the Mayor and City Council during the August 11, 2015 meeting; and, if a majority of ballots received are in favor of the establishment of the MBID, adopt the Resolution to establish the MBID for an initial term of five (5) years, effective January 1, 2016 through December 31, 2020. (Districts 4, 6)

## DISCUSSION

The State of California Property and Business Improvement District Law of 1994 (Section 33600 et seq. of the California Streets and Highways Code), and Article XIID of the California Constitution (Proposition 218), enables the City to create a property-based assessment district allowing property owners to voluntarily assess themselves for various services beyond those provided by the City. These services include enhanced maintenance, public safety, beautification, marketing, and economic development programs.

Property owners of record along East Anaheim Street, between Raymond Avenue and Alamitos Avenue, who will pay more than 50 percent of the proposed assessment, have submitted petitions to the City for the establishment of a business improvement district to be identified as the Midtown Business Improvement District (MBID). The new Business Improvement District shall be comprised of property owners within its proposed boundaries. The MBID Management District Plan (MDP) (Attachment A to this Council Letter and Exhibit A to the Resolution) details the boundaries of the MBID, and the improvements and activities for which the assessment funds will be used, and the MBID Engineer's report (Attachment B) details the amount and method of assessment for each parcel.

## HONORABLE MAYOR AND CITY COUNCIL

August 11, 2015

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If established, the MBID shall commence on January 1, 2016, for the initial five-year period of January 1, 2016 through December 31, 2020, and the City Council will annually review and consider approving the renewal of the levy, budgets and reports as submitted by the MBID. The assessment methodology will generate approximately \$161,501 in revenue during the first year. The proposed assessment for all City-owned parcels in the MBID is estimated at \$65,705 annually (a detail of each parcel assessment is found in the MDP). Property formerly owned by the Successor Agency will be assessed \$6,631, which is anticipated to be paid by the buyers of the property. If the property does not timely close escrow and City funds are used to pay the assessment, these funds will be recouped through escrow from the sales proceeds. The assessment for the Parks, Recreation and Marine property will be \$14,490 and \$4,635 for the Library property. Property occupied by Long Beach Transit will be assessed at \$39,949. Upon annual review, City Council may increase the levy up to 4 percent. If the levy is not renewed, a subsequent public hearing must occur to disestablish the MBID.

The Midtown Property and Business Owners Association (MPBOA) will govern the MBID, and shall serve as the Owner's Association, pursuant to California Streets and Highways Code Section 36651. The MPBOA Board of Directors will be comprised of a majority of parcel owners paying the assessment that will adhere to the Ralph M. Brown Act requirements. Pursuant to the Streets and Highways Code, Section 36650, the MPBOA will also provide an annual report to the City.

As approved by City Council action on June 16, 2015 (Number RES-15-0075), and to comply with the California Constitution, a notice of assessment and an assessment ballot were mailed to property owners who are proposed to be assessed. At the conclusion of this public hearing, an independent third party will tabulate the votes, and will return to City Council later during this August 11, 2015 meeting to announce the results. If a majority of ballots received (with ballots weighted by assessment amounts) are in favor of the establishment of the MBID, the City Council may proceed with the adoption of the Resolution establishing the MBID. If a majority of the ballots received do not support the establishment of the MBID, then the MBID cannot be established.

This matter was reviewed by Deputy City Attorney Amy R. Webber on July 13, 2015 and by Budget Manager Victoria Bell on July 24, 2015.

### TIMING CONSIDERATIONS

City Council action is requested on August 11, 2015 in order to submit all parcel information to the County of Los Angeles Assessor's Office.

FISCAL IMPACT

If the MBID is approved and established, the proposed assessment for all City-owned parcels in the MBID is estimated at \$65,705 annually (a detail of each parcel assessment is found in the MDP). Property formerly owned by the Successor Agency will be assessed \$6,631, which is anticipated to be paid by the buyers of the property. If the property does not timely close escrow and City funds are used to pay the assessment, these funds will be recouped through escrow from the sales proceeds. Property occupied by Long Beach Transit will be assessed \$39,949. The annual General Fund (GF) cost of \$14,490 for Parks, Recreation and Marine (PRM), and \$4,635 for the Library is currently included in the FY 16 Proposed Budget. Upon annual review, the City may increase the levy up to 4 percent.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



MICHAEL P. CONWAY, DIRECTOR  
DEPARTMENT OF ECONOMIC AND PROPERTY DEVELOPMENT

MPC:JLR:jsf

MBID PH ccl 08.11.15 draft v6.doc

Attachments: A - MBID Management District Plan  
Resolution

APPROVED:

  
PATRICK H. WEST  
CITY MANAGER

ATTACHMENT A

**Midtown Business Improvement District  
Management District Plan**

**For  
A Property Based  
Business Improvement District  
In Long Beach**

**May 2015**

**Prepared By  
Urban Place Consulting Group, Inc.**

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For the  
Midtown Business Improvement District (District)  
Long Beach, California

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**Section 1  
Management District Plan Summary**

The name of the proposed Property-based Business Improvement District is the Midtown Business Improvement District (the "District"). The District is being established pursuant to Section 36600 et seq. of the California Streets and Highways Code, The "Property and Business Improvement District Law of 1994 as amended", hereinafter referred to as State Law.

Developed by the Midtown Business Improvement District Steering Committee, the Midtown Business Improvement District Management Plan is proposed to improve and convey special benefits to properties located within the Midtown Business Improvement District area. The District will provide new improvements and activities, including clean/safe/beautiful, communication, and management. Each of the programs are designed to meet the goals and mission of the District; to improve the safety of each individual parcel within the District, to increase building occupancy and lease rates, to encourage new business development; and attract ancillary businesses and services for parcels within the District.

**Boundary:** See Section 2, Page 5 and map page 6.

**Budget:** The total District budget for the 2016 year of operation is approximately \$167,453.

**Improvements, Activities, Services:**

**CLEAN, SAFE, BEAUTIFUL** **\$99,833.00**

**Enhanced Safe Programs:**

A Midtown Business Improvement District Safe Team Program to deal with crime prevention and inappropriate conduct in the District.

- Walking and Bicycle Patrol
- Safety Programs

**Enhanced Clean and Beautiful Programs**

- Sidewalk Sweeping
- Sidewalk Pressure Washing
- Graffiti & Sticker Removal
- Trash Removal
- Landscape programs

**MARKETING/COMMUNICATION** **\$28,720**

- Website
- Banners

- Social Media
- Business Retention
- Business Recruitment
- Events
- Customer Recruitment

**MANAGEMENT**

**\$38,900**

**Method of Financing:** A levy of special assessments upon real property that receives special benefits from the improvements and activities. (See Section 4, for assessment methodology)

**Benefit Zones:** The State Law and State Constitution Article XIID require that special assessments be levied according to the special benefit each parcel receives from the improvements. In order to match assessment rates to special benefits, all property within the Midtown Business Improvement District is assessed using the same assessment methodology. There is only one zone.

**Cost:** Annual assessments are based upon an allocation of program costs and a calculation of assessable footage. Two property assessment variables, parcel square footage and building square footage, will be used in the calculation together as assessable square footage. The 2016 year assessments per assessment variable will not exceed amounts listed in the following chart:

<b>Assessable Square Footage(Lot + Building) Assessment</b>	<b>\$0.0836</b>
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**Cap:** Annual assessment increases will not exceed 4% per year. Increases will be determined by the business improvement district Owners' Association and will vary between 0 and 4% in any given year.

The cost of providing programs and services may vary depending on the market cost for those programs and services. Expenditures may require adjustment up or down to continue the intended level of programs and services. The owners association shall have the right to reallocate up to 10% by line item within the budgeted categories. Pursuant to Section 36650 of the California Streets and Highways Code. The overall budget shall remain consistent with this Management District Plan.

**District Formation:** District formation requires submission of favorable petitions from property owners representing more than 50% of total assessments to be paid and the return of mail ballots evidencing a majority of ballots cast in favor of the assessment. Ballots are weighted by each property owner's

assessment as proportionate to the total proposed District assessment amount.

**Duration:** The District will have a 5 year life beginning January 1, 2016 and ending December 31, 2020.

**Governance:** The Owners' Association will review District budgets and policies annually within the limitations of the Management District Plan. Annual and quarterly reports, financial statements and newsletters will be filed with the City of Long Beach (City). The Owners' Association will oversee the day-to-day implementation of services as defined in the Management District Plan.

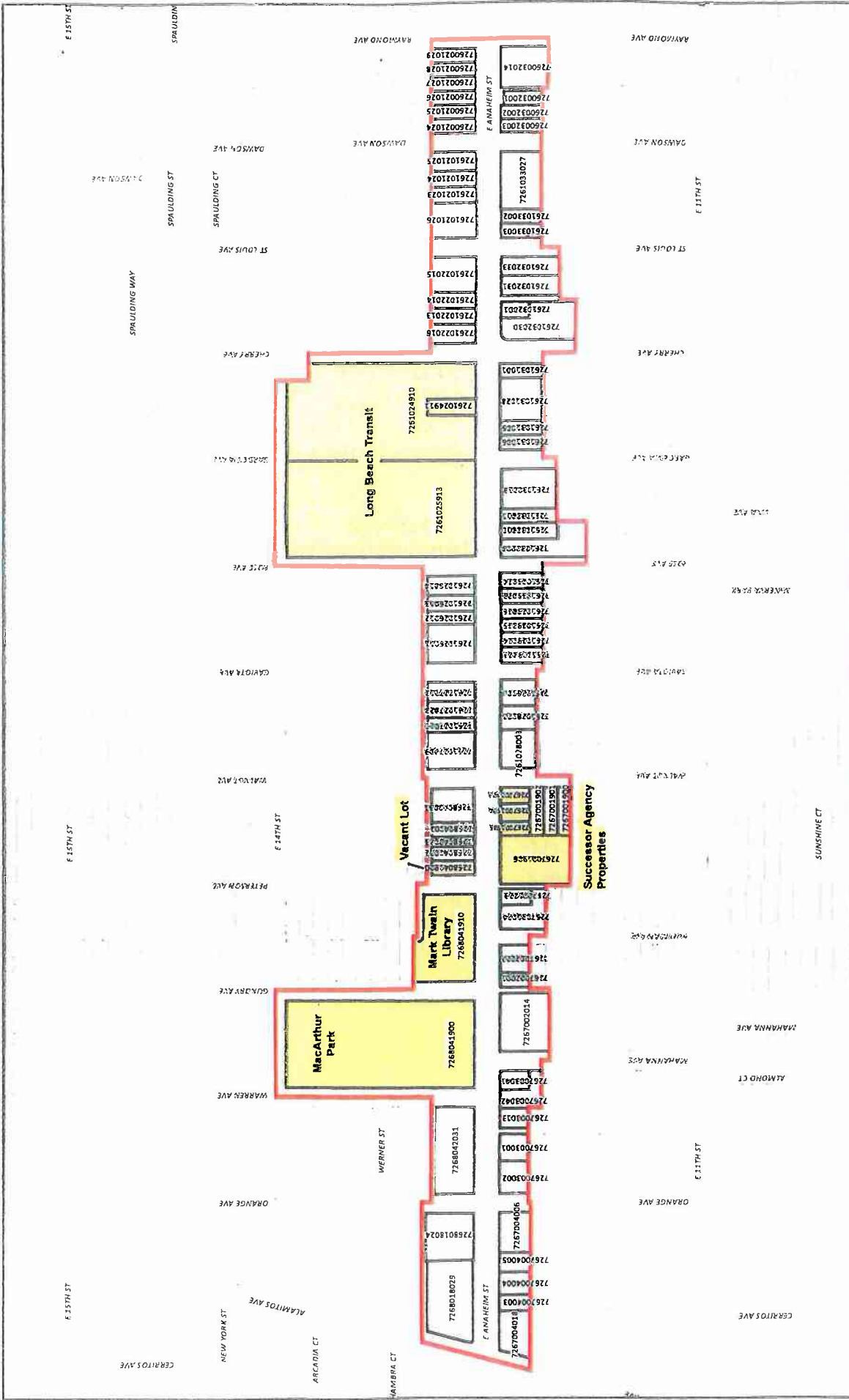
## **Section 2**

### **Midtown Business Improvement District Boundaries**

The Midtown Business Improvement District includes all property within a boundary formed by: (Also see map on page 6)

Begin at the intersection of Alamitos Avenue and E. Anaheim Street on the north parcel line of parcel 7268018029 on the northeast corner of Alamitos Avenue. Continue east along the northern boundary of parcels facing on the north side of E. Anaheim Street to Raymond Avenue. Turn south along the west parcel line of parcel 7260021029, cross E. Anaheim Street and continue south along the east parcel line of parcel 7260032014 to the south parcel line of parcel 7260032014. Turn west along the south parcel line of parcels facing on the south side of E. Anaheim Street to Walnut Street. At Walnut Street continue along the south parcel line of parcel 7267001900. Continue north along the south parcel line of parcels facing on the west side of E. Anaheim Street to the starting point at the intersection of Alamitos Avenue and E. Anaheim Street.





# City of Long Beach, California Proposed Midtown PBID

Parcel Ownership Data Source: | geles County Assessor; December 2, 2014



### **District Boundary Rationale**

The property uses within the general boundaries of the Midtown Business Improvement District are a mix of retail, office, civic, transit, and religious. Services and improvements provided by the District are designed to provide special benefits to the retail, office, civic, transit, and religious parcels. All of the services provided such as the security work provided by the Safe Team and work provided by the Clean Team are services that are over and above the City's baseline of services and are not provided by the City. These services are not provided outside of the District because of the unique nature of these services focusing on the particular needs of each individually assessed property within the District. These services provide particular and distinct benefits to each of the individually assessed parcels within the District.

In order to ensure that parcels outside of the District will not specially benefit from the improvements and services funded with the assessment, improvements and services will only be provided to individual assessed parcels within the boundaries of the District. Specifically, security patrols, cleaning / sanitation personnel, and similar service providers employed in connection with the District will only patrol and provide services to individually assessed parcels within the District, and will not provide services outside of District boundaries. Nor will District promotional efforts promote activities outside of District boundaries.

Northern Boundary: The northern boundary of the Midtown Business Improvement District was determined by the zoning and use of the parcels north of the District boundaries. The parcels north of the District boundaries are zoned residential and as per State of California Streets and Highways code section 36632.(c) "*are conclusively presumed not to benefit from the improvements and service funded through these assessments...*" In order to ensure that parcels outside of the District will not specially benefit from the unique improvements and services funded with the assessment, improvements and services will only be provided to assessed parcels within the boundaries of the District.

Eastern Boundary: The eastern boundary of the Midtown Business Improvement District was determined by the presence of the East Anaheim Business Improvement District which provides programs similar to the Midtown Business Improvement District. In order to ensure that parcels outside of the District will not specially benefit from the unique improvements and services funded with the assessment, improvements and services will only be provided to assessed parcels within the boundaries of the District. Specifically, security patrols, maintenance personnel, and similar service providers employed in connection with the District will only patrol and provide services to individual assessed parcels within the District, and will not provide services outside of District boundaries.

Southern Boundary: The southern boundary of the Midtown Business Improvement District was determined by the zoning and use of the parcels south of the District boundaries. The parcels south of the District boundaries are zoned residential and as per State of California Streets and Highways code section 36632.(c) "*are conclusively*

*presumed not to benefit from the improvements and service funded through these assessments..."* In order to ensure that parcels outside of the District will not specially benefit from the unique improvements and services funded with the assessment, improvements and services will only be provided to assessed parcels within the boundaries of the District.

**Western Boundary:** The western boundary of the Midtown Business Improvement District was determined by Alamitos Avenue. Alamitos Avenue is the natural boundary between the Midtown/Cambodia neighborhood and the Central Long Beach neighborhood. Alamitos Avenue is a broad and fast street that acts as a barrier between the two neighborhoods. In order to ensure that parcels outside of the District will not specially benefit from the unique improvements and services funded with the assessment, improvements and services will only be provided to individual assessed parcels within the boundaries of the District. Specifically, security patrols, maintenance personnel, and similar service providers employed in connection with the District will only patrol and provide services to individual assessed parcels within the District, and will not provide services outside of District boundaries.

### **Section 3 District Improvement and Activity Plan**

#### **Process to Establish the Improvement and Activity Plan**

Through a series of property owner and stakeholder meetings the Midtown District Business Improvement District Steering Committee collectively determined the priority for improvements and activities to be delivered by the business improvement district in order to support increased commerce, business attraction and retention, increased property rental income. The primary needs as determined by the property owners were: clean, safe and beautiful, and marketing/communication. Each of the services provided by the District are designed to meet the needs of the mix of retail, office, civic, transit, and religious uses that make up the District and provide special benefit to each of the assessed parcels. All of the services provided such as the security work provided by the Safe Team and work provided by the Clean Team are services that are over and above the City's baseline of services and are not provided by the City. These services are not provided outside of the District and because of their unique nature focusing on the particular needs of each assessed property within the District provide particular and distinct benefits to each of the individually assessed parcels within the District.

All of the improvements and activities detailed below are provided only to the individually assessed properties defined as being within the boundaries of the District and provide benefits which are particular and distinct to each of the assessed properties within the proposed District. No improvement or activities are provided to properties outside the District boundaries. All assessments outlined in this Management District Plan go only for services directly benefiting each of the individually assessed parcels in this specialized zone. All services will be provided to the individually assessed properties defined as being within the District boundaries and no services will be provided outside the District boundaries. Each of the services: clean, safe, marketing/communication, and management are unique to the District and to each of the Districts assessed properties therefore all benefits provided are particular and distinct to each individually assessed property.

All benefits derived from the assessments outlined in the Management District Plan are for services directly benefiting each individually assessed property within this area and support increased commerce, business attraction and retention, increased property rental income and enhanced overall safety and image within this commercial core. All services: clean, safe, marketing/communication, and management are provided solely to individual assessed properties within the district to enhance individual assessed properties and businesses within the Midtown Business Improvement District boundaries and are designed only for the direct special benefit of the assessed properties in the District to enhance the image and viability of assessed parcels and businesses within the Midtown Business Improvement District boundaries and are designed only for the direct special benefit of the individually assessed parcels in the District. No services will be provided to parcels outside the District boundaries. (For a further definition of special benefits see Engineer's Report page 12 "Special Benefit")

The total improvement and activity plan budget for 2016 is \$167,453. Of the total budget, special benefit to parcels within the District totals \$161,501 and is funded by property assessments. General benefit from the District budget is calculated to be \$5,952 and is not funded by assessment revenue from District parcels. The costs of providing each of the budgeted components was developed from actual experience providing these services in other districts with similar size and programs. Actual service hours and frequency may vary in order to match varying District needs over the 5 year life of the District. A detailed operation deployment for 2016 is available from the property owners association. The budget is made up of the following components.

**CLEAN, SAFE, BEAUTIFUL PROGRAMS**

**\$99,833**

**Safe Team Program**

The Safety Program will provide security services for the individual assessed parcels located within the District in the form of patrolling bicycle personnel, and walking patrols. The owners association may also consider the use of security cameras as an additional safety program. The purpose of the Safe Team Program is to prevent, deter and report illegal activities. The presence of the Safe Team Program is intended to deter such illegal activities as public urination, indecent exposure, trespassing, drinking in public, prostitution, illegal panhandling, illegal vending, and illegal dumping for individually assessed parcels. The Program will supplement, not replace, other ongoing police, security and patrol efforts within the District. The Safe Team Program will maintain communication with the Long Beach Police Department (LBPD) area patrols and intends to report illegal activities to the LBPD. The Safe Team Program will only provide its services to individually assessed properties within the District boundaries. The special benefit to assessed parcels from these services is increased commercial activity which directly relates to increases in lease rates and customer usage.

**Clean and Beautiful Program**

In order to consistently deal with cleaning issues, a Clean and Beautiful Program is provided. A multi-dimensional approach has been developed consisting of the following elements. The clean team will only provide service to assessed properties within District boundaries. The special benefit to individually assessed parcels from these services is increased commercial activity which directly relates to increases in lease rates and customer usage.

**Sidewalk Cleaning:** Uniformed, radio equipped personnel sweep litter, debris and refuse from sidewalks and gutters of the District. District personnel will pressure wash the sidewalks. Clean sidewalks support an increase in commerce and provides a special benefit to each individually assessed parcel in the district.

**Graffiti Removal:** District personnel remove graffiti by painting, using solvent and pressure washing. The District maintains a zero tolerance graffiti policy. An effort

is made to remove all tags within 24 hours on weekdays.

**Landscape Maintenance:** Landscape maintenance is an important program that works to attract increased customers to the District. Landscape maintenance includes maintaining tree wells and weed abatement. A well landscaped district supports an increase in commerce and provides a special benefit to each individually assessed parcel in the district.

### **MARKETING/COMMUNICATION**

**\$28,720**

It is important to not only provide the services needed in the District, but to tell the story of improvement in the District. The special benefit to District parcels from the programs below is an increased awareness of the businesses within the district and their individual offerings which attracts new customers to the District businesses and provides an increase in commercial activity which directly relates to increases in lease rates and enhanced commerce. Some of the communication/image programs being considered are:

- Web Site
- Banners
- Social Media
- Business Directory
- Business Retention
- Business Recruitment
- Events
- Customer Recruitment

### **MANAGEMENT**

**\$38,900**

The improvements and activities are managed by a professional staff that requires centralized administrative support. Management staff oversees the District's services and actively works on behalf of the District parcels to insure that City and County services and policies support the District. Included in this item are management labor, office expense and organizational expenses such as insurance and the cost to conduct a yearly financial review. A well-managed District provides necessary BID program oversight and guidance that produces higher quality and more efficient programs.

Management staff expenses are allocated according to generally accepted accounting job costing procedures and are allocated to the specific areas in which staff works. The special benefit to assessed parcels from these services is an effective and efficient delivery of District services because of management staff oversight, an increased transparency of District programs and financial transactions which will be available to parcel owners in the newsletter and on the web site, an increased likelihood of improved lease rates and tenant occupancy because of an increase in commercial activity, and an increase in customers in part due to the work of the management staff as stated above.

### **FIVE YEAR OPERATING BUDGET**

A projected five-year operating budget for the Midtown Business Improvement District is provided below. The projections are based upon the following assumptions.

Assessments will be subject to annual increases not to exceed 4% per year. The cost of providing programs and services may vary depending on the market cost for those programs and services. Expenditures may require adjustment up or down to continue the intended level of programs and services. Increases will be determined by the District Owners Association and will vary between 0 and 4% in any given year.

The owners association shall have the right to reallocate up to 10% of the budget allocation by line item within the budgeted categories. Any change will be approved by the owner's association board of directors and Pursuant to Section 36650 of the California Streets and Highways Code. The overall budget shall remain consistent with this Management District Plan. Each assessed parcel pays for 100% of the special benefit received based on the level of benefit received. The projections below illustrate a maximum 4% annual increase for all budget items.

#### **Five Year Budget Projections \***

<b>Budget Distribution</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Clean, Safe, Beautiful</b>	\$99,833	\$103,826	\$107,979	\$112,299	\$116,790
<b>Communication</b>	\$28,720	\$29,869	\$31,064	\$32,306	\$33,598
<b>Management</b>	\$38,900	\$40,456	\$42,074	\$43,757	\$45,507
<b>Total Budget</b>	\$167,453	\$174,151	\$181,117	\$188,362	\$195,896

**\*Assumes 4% yearly increase on all budget items funded by the Midtown Business Improvement District. Note: Any accrued interest or delinquent payments will be expended in the above categories.**

## **Section 4**

### **Assessment Methodology**

In order to ascertain the correct assessment methodology to equitably apply special benefits to each assessed parcel for property related services as proposed to be provided by the Midtown Business Improvement District, benefit will be measured by square feet of parcel size and square feet of building size. Special circumstances such as a parcel's location within the District area and need and/or frequency for services are carefully reviewed relative to the specific and distinct type of programs and improvements to be provided by the District in order to determine the appropriate levels of assessment. For a definition of special benefits see the Engineer's Report page 13.

The methodology to levy assessments upon real property that receives special benefits from the improvements and activities of the Midtown Business Improvement District are Parcel Square Footage and Building Square Footage as the two assessment variables. Parcel square footage is relevant to the best use of a property and will reflect the long term special benefit implications of the improvement district. Building square footage is relevant to the interim use of a property and is utilized to measure short and mid-term special benefit.

Services and improvements provided by the District are designed to provide special benefits to the retail, office, civic, transit, and religious parcels. The use of each parcel's lot square footage and building square footage is the best measure of benefit for the programs because the intent of the District programs is to improve the safety of each individual parcel, to increase building occupancy and lease rates, to encourage new business development and attract ancillary businesses and services for parcels within the District, in other words to attract more customers, clients and or employees. The best way to determine each parcel's proportionate special benefit from the District programs is to relate each parcel's lot square footage and building square footage to every other parcel's lot square footage and building square footage.

Building Square Footage Defined. Building square footage is defined as gross building square footage as determined by the outside measurements of a building.

Parcel Square Footage Defined. Parcel square footage is defined as the total amount of area within the borders of the parcel. The borders of a parcel are defined on the County Assessor parcel maps.

Assessable Square Footage Defined. Assessable square footage is defined as the total of the parcel square footage and building square footage for each parcel.

#### **Calculation of Assessments**

The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of an improvement or the cleaning and operation expenses of an improvement or for the cost of the property service being provided. Due to the proportionate special benefits received by these parcels from the



District services, these parcels will be assessed a rate which is proportionate to the amount of special benefits received. Only special benefits are assessable and these benefits must be separated from any general benefits. The Engineer's report has calculated that 3.55% of the programs provided by the District provide general benefit. Assessment revenue cannot be used to pay for general benefits. (See page 12 of the Engineer's Report for discussion of general and special benefits)

The preceding methodology is applied to a database of properties receiving special benefit that has been constructed by District Property Owners and its consultant team. The process for compiling the property database includes the following steps:

- Property data was first obtained from the City of Long Beach and the County of Los Angeles Assessor's Office.
- A list of properties to be included within the District is provided in Section 7.

**Total Assessable Footage within the District**

	<b>Total District</b>
Lot/Parcel Sq Ft	1,366,702
Building Sq Ft.	565,135
<b>Assessable Sq. Ft. (Lot + Building)</b>	<b>1,931,837</b>

**Budget Distribution**

	<b>2016</b>
<b>Clean, Safe, Beautiful</b>	<b>\$99,833</b>
<b>Communication</b>	<b>\$28,720</b>
<b>Management</b>	<b>\$38,900</b>
<b>Total Budget</b>	<b>\$167,453</b>
<b>Less General Benefit</b>	<b>\$5,952</b>
<b>Total Assessment Budget</b>	<b>\$161,501</b>

**Assessments**

Based on the special benefit factors, assessable footages for each variable plus the proposed budget, all of which are discussed above, the following table illustrates the first year's maximum annual assessment per parcel assessable square foot.

	<b>2016</b>
<b>Assessable Sq Ft Rate (Lot + Building)</b>	<b>\$0.0836</b>

### Assessment Rate Calculation

The assessment rate is determined by the following calculation:

Assessment Budget \$161,501 / 1,931,837 Assessable Sq Ft = \$0.0836 per assessable square foot.

### Sample Parcel Assessment

To calculate the assessment for a parcel with a 5,000 square foot of lot and 2,000 square foot building, add together the lot square footage and the building square footage to get the assessable square footage, then multiply the assessable square footage (7,000) by the assessment rate (\$0.0836) = the total annual parcel assessment (\$).

Lot Sq Ft (5,000) + Building Sq Ft (2,000) = Assessable Sq Ft (7,000)

Assessable Sq Ft (7,000) x Assessment Rate (\$0.0836) = \$585.20 Initial annual parcel assessment

The assessment calculation formula is the same for every parcel in the District.

### Maximum Annual Assessment Adjustments

The cost of providing programs and services may vary depending on the market cost for those programs and services. Expenditures may require adjustment up or down to continue the intended level of programs and services. Assessments may be subject to annual increases not to exceed the assessment rates in the table below for any given year. Increases will be determined by the District Owner's Association and will vary between 0 and 4% in any given year. Any change will be approved by the owner's association board of directors. Pursuant to Section 36650 of the California Streets and Highways Code.

The projections below illustrate a maximum 4% annual increase for all assessment rates.

### Maximum Assessment Table

	2016	2017	2018	2019	2020
Assessable Sq Ft Rate (Lot + Building)	\$0.0836	\$0.0869	\$0.0904	\$0.0949	\$0.0987

### Budget Adjustments

Any annual budget surplus will be included into the following year's District budget. The budget will be set accordingly, within the constraints of the management plan to adjust for surpluses that are carried forward. District funds may be used to fund the cost of renewing the District. Funds from an expired District shall be rolled over into the new District if one is established, or returned to the property owners if one is not established, in accordance with the Streets and Highways Code section 36671.

If an error is discovered on a parcel's assessed footages, the District may investigate and correct the assessed footages after confirming the correction with the L.A. County

Assessor Data and City of Long Beach. The correction may result in an increase or decrease to the parcels assessment.

#### **Future Development**

As a result of continued development, the District may experience the addition or subtraction of assessable footage for parcels included and assessed within the District boundaries. The modification of parcel improvements assessed within the District may then change upwards or downwards the amount of total footage assessment for these parcels, pursuant to Government Code 53750, will be prorated to the date they receive the temporary and/or permanent certificate of occupancy.

In future years, the assessments for the special benefits bestowed upon the included BID parcels may change in accordance with the assessment methodology formula listed in the Management District Plan and Engineer's Report provided the assessment rate does not change. If the assessment formula changes and increases assessments then a Proposition 218 ballot will be required for approval of the formula changes.

#### **Time and Manner for Collecting Assessments**

As provided by State law, the District assessment will appear as a separate line item on annual property tax bills prepared by the County of Los Angeles. The City of Long Beach may direct bill the first years assessment for all property owners and will direct bill any property owners whose special assessment does not appear on the tax rolls.

The assessments shall be collected at the same time and in the same manner as for the ad valorem property tax paid to the County of Los Angeles. These assessments shall provide for the same lien priority and penalties for delinquent payment as is provided for the ad valorem property tax.

However, assessments may be billed directly by the City for the first fiscal year of operation and then by the County for all subsequent years. Any delinquent assessments owed for the first year will be added to the County property tax roll for the following year as delinquent. These assessments shall provide for the same lien priority and penalties for delinquent payment as is provided for the ad valorem property tax.

The "property owner" means any person shown as the owner/taxpayer on the last equalized assessment roll or otherwise known to be the owner/taxpayer by the City.

#### **Disestablishment**

California State Law Section 36670 provides for the disestablishment of a District. Upon the termination of this District any remaining revenues shall be transferred to the renewed District, if one is established, pursuant to Streets and Highways Code Section 36660 (b). Unexpended funds will be returned to property owners based upon each parcels percentage contribution to the total year 2016 assessments if the District is not renewed.

#### **Bond Issuance**

The District will not issue Bonds.

### Public Property Assessments

The Midtown Business Improvement District will provide all the improvements and activities to the City of Long Beach or any other government-owned parcels within the PBID boundary. All publicly-owned parcels will pay their proportional share of costs based on the special benefits conferred to those individual parcels. The special benefit to government assessed parcels from these services is an increase in District customers that follow from having a cleaner and safer area. Public owned parcels will receive special benefit in the form of increased use of the public facilities which directly relates to fulfilling their public service mission. Article XIII D of the California Constitution was added in November of 1996 to provide for these assessments. It specifically states in Section 4(a) that "Parcels within a district that are owned or used by any agency...shall not be exempt from assessment unless the agency can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit." Below is a list of the publicly-owned parcels and their respective assessments.

APN	Owner Names	Situs Address	Bldg	Lot	Assessable Sq Ft (Bldg+Lot)	Assessment	%
7267-001-900	Long Beach City	1205 Walnut Ave	0	6759	6759	\$565.05	0.35%
7267-001-901	Long Beach City	1207 Walnut Ave	0	6758	6758	\$564.97	0.35%
7267-001-902	Long Beach City	1209 Walnut Ave	0	6607	6607	\$552.34	0.34%
7268-041-910	Long Beach City	1324 Gundry Ave	8385	47054	55439	\$4,634.68	2.87%
7267-001-906	Long Beach City	1500 E Anaheim St	0	33602	33602	\$2,809.12	1.74%
7268-040-900	Long Beach City	1501 E Anaheim St	6000	6082	12082	\$1,010.05	0.63%
7267-001-905	Long Beach City	1530 E Anaheim St	0	4058	4058	\$389.25	0.21%
7267-001-904	Long Beach City	1540 E Anaheim St	0	4954	4954	\$414.15	0.26%
7267-001-903	Long Beach City	1546 E Anaheim St	0	4502	4502	\$376.37	0.23%
7261-024-911	Long Beach City	1915 E Anaheim St	9558	7621	17179	\$1,436.16	0.89%
7261-024-910	Long Beach City	1963 E Anaheim St	116126	166900	283026	\$23,660.89	14.65%
7261-025-913	Long Beach City		0	177652	177652	\$14,851.65	9.20%
7268-041-900	Long Beach City		14382	158944	173326	\$14,490.00	8.97%
	<b>Long Beach City Total</b>					<b>\$65,704.69</b>	<b>40.68%</b>

**Section 5**  
**District Rules and Regulations**

Pursuant to the Property and Business Improvement law of 1994, as amended, a business improvement district may establish rules and regulations that uniquely apply to the District. The District has adopted the following rules:

- **Competitive Procurement Process**  
The Owner's Association shall develop a policy for competitive bidding when purchasing substantial amounts of services, products and/or equipment. The policy will aim to maximize service, quality, efficiency and cost effectiveness.
  
- **Treatment of Residential Housing**  
In accordance with Section 36632 (c) of the California Streets and Highways Code, properties zoned solely for residential or agricultural use are conclusively presumed not to receive special benefit from the improvements and service funded through the assessments of the District and are not subject to any assessment pursuant to Section 36632 (c). Therefore, properties zoned solely for residential or agricultural use within the boundaries of the District, if any, will not be assessed.
  
- **Renewal**  
District funds may be used for renewing the District. District rollover funds may be spent on renewal.

**Section 6**  
**Implementation Timetable**

The Midtown Business Improvement District is expected to be established and begin implementation of the Management District Plan on January 1, 2016. Consistent with State Law the Midtown Business Improvement District will have a five-year life through December 31, 2020.

**Section 7  
Parcel Roll**

APN	Owner Names	Situs Address	Bldg	Lot	Assessable Sq Ft (Bldg+Lot)	Assessment	%
7267-001-900	Long Beach City	1205 Walnut Ave	0	6759	6759	\$565.05	0.35%
7267-001-901	Long Beach City	1207 Walnut Ave	0	6758	6758	\$564.97	0.35%
7267-001-902	Long Beach City	1209 Walnut Ave	0	6607	6607	\$552.34	0.34%
7268-041-910	Long Beach City	1324 Gundry Ave	8385	47054	55439	\$4,634.68	2.87%
7267-001-906	Long Beach City	1500 E Anaheim St	0	33602	33602	\$2,809.12	1.74%
<b>7268-040-900</b>	Long Beach City	<b>1501 E Anaheim St</b>	<b>6000</b>	<b>6082</b>	<b>12082</b>	<b>\$1,010.05</b>	<b>0.63%</b>
7267-001-905	Long Beach City	1530 E Anaheim St	0	4058	4058	\$339.25	0.21%
7267-001-904	Long Beach City	1540 E Anaheim St	0	4954	4954	\$414.15	0.26%
7267-001-903	Long Beach City	1546 E Anaheim St	0	4502	4502	\$376.37	0.23%
7261-024-911	Long Beach City	1915 E Anaheim St	9558	7621	17179	\$1,436.16	0.89%
7261-024-910	Long Beach City	1963 E Anaheim St	116126	166900	283026	\$23,660.89	14.65%
<b>7261-025-913</b>	Long Beach City		<b>0</b>	<b>177652</b>	<b>177652</b>	<b>\$14,851.65</b>	<b>9.20%</b>
<b>7268-041-900</b>	Long Beach City		<b>14382</b>	<b>158944</b>	<b>173326</b>	<b>\$14,490.00</b>	<b>8.97%</b>
	<b>Long Beach City Total</b>					<b>\$65,704.69</b>	<b>40.68%</b>

APN	Situs Address	Bldg	Lot	Assessable Sq Ft (Bldg+Lot)	Assessment	%
7260-021-024	2201 E Anaheim St	5685	6009	11694	\$977.61	0.61%
7260-021-025	2211 E Anaheim St	2394	6052	8446	\$706.08	0.44%
7260-021-026	2215 E Anaheim St	0	6026	6026	\$503.77	0.31%
7260-021-027	2219 E Anaheim St	0	6054	6054	\$506.11	0.31%
7260-021-028	2235 E Anaheim St	0	6029	6029	\$504.02	0.31%
7260-021-029	2295 E Anaheim St	6300	6017	12317	\$1,029.70	0.64%
7260-030-001	2400 E Anaheim St	5160	6006	11166	\$933.47	0.58%
7260-032-001	2218 E Anaheim St	2360	5450	7810	\$652.91	0.40%
7260-032-002	2212 E Anaheim St	2210	5554	7764	\$649.07	0.40%
7260-032-003	2200 E Anaheim St	1881	5511	7392	\$617.97	0.38%
7260-032-014	2222 E Anaheim St	14274	19454	33728	\$2,819.65	1.75%
7261-021-023	2123 E Anaheim St	3099	6762	9861	\$824.38	0.51%
7261-021-024	2135 E Anaheim St	894	6756	7650	\$639.54	0.40%
7261-021-025	2153 E Anaheim St	1300	8171	9471	\$791.77	0.49%
7261-021-026	2101 E Anaheim St	1492	14938	16430	\$1,373.54	0.85%
7261-022-013	2015 E Anaheim St	6750	6750	13500	\$1,128.60	0.70%
7261-022-014	2021 E Anaheim St	5500	6698	12198	\$1,019.75	0.63%
7261-022-015	2041 E Anaheim St	9329	14860	24189	\$2,022.19	1.25%
7261-022-016	2001 E Anaheim St	77	8076	8153	\$681.59	0.42%

7261-026-011	1701 E Anaheim St	23561	18021	41582	\$3,476.24	2.15%
7261-026-012	1731 E Anaheim St	1520	6004	7524	\$629.00	0.39%
7261-026-013	1733 E Anaheim St	2232	7520	9752	\$815.26	0.50%
7261-026-014	1735 E Anaheim St	1900	9018	10918	\$912.74	0.57%
7261-027-009	1601 E Anaheim St	5964	17271	23235	\$1,942.44	1.20%
7261-027-010	1617 E Anaheim St	5625	6754	12379	\$1,034.88	0.64%
7261-027-012	1635 E Anaheim St	2832	9019	11851	\$990.74	0.61%
7261-027-020	1627 E Anaheim St	5000	7520	12520	\$1,046.67	0.65%
7261-028-001	1295 Gaviota Ave	8000	8823	16823	\$1,406.40	0.87%
7261-028-002	1618 E Anaheim St	6750	8250	15000	\$1,254.00	0.78%
7261-028-003	1600 E Anaheim St	3312	13202	16514	\$1,380.57	0.85%
7261-029-003	1734 E Anaheim St	6118	6167	12285	\$1,027.02	0.64%
7261-029-004	1750 E Anaheim St	1120	6070	7190	\$601.08	0.37%
7261-029-023	1700 E Anaheim St	5989	6499	12488	\$1,043.99	0.65%
7261-029-024	1710 E Anaheim St	5850	5844	11694	\$977.61	0.61%
7261-029-025	1720 E Anaheim St	5632	5592	11224	\$938.32	0.58%
7261-029-026	1730 E Anaheim St	4554	6179	10733	\$897.28	0.56%
7261-030-009	1800 E Anaheim St	17840	19800	37640	\$3,146.69	1.95%
7261-030-010	1810 E Anaheim St	5050	9041	14091	\$1,178.00	0.73%
7261-030-011	1818 E Anaheim St	2100	8289	10389	\$868.52	0.54%
7261-030-028	1842 E Anaheim St	6702	21441	28143	\$2,352.75	1.46%
7261-031-005	1908 E Anaheim St	4120	5833	9953	\$832.07	0.52%
7261-031-006	1900 E Anaheim St	5400	6067	11467	\$958.64	0.59%
7261-031-028	1934 E Anaheim St	6690	17444	24134	\$2,017.60	1.25%
7261-032-001	2016 E Anaheim St	2500	4380	6880	\$575.17	0.36%
7261-032-030	2000 E Anaheim St	9307	23583	32890	\$2,749.59	1.70%
7261-032-031		0	11575	11575	\$967.67	0.60%
7261-032-033	2040 E Anaheim St	5503	10950	16453	\$1,375.47	0.85%
7261-033-002	2120 E Anaheim St	1932	5853	7785	\$650.82	0.40%
7261-033-003	2100 E Anaheim St	3900	5851	9751	\$815.18	0.50%
7261-033-027	2130 E Anaheim St	8615	23397	32012	\$2,676.19	1.66%
7267-001-023	1436 E Anaheim St	7228	4754	11982	\$1,001.69	0.62%
7267-001-024	1430 E Anaheim St	46228	13407	59635	\$4,985.47	3.09%
7267-002-001	1404 E Anaheim St	696	4277	4973	\$415.74	0.26%
7267-002-002	1420 E Anaheim St	3020	8106	11126	\$930.13	0.58%
7267-002-014	1360 E Anaheim St	21494	28729	50223	\$4,198.63	2.60%
7267-003-001	1214 E Anaheim St	8000	7684	15684	\$1,311.18	0.81%
7267-003-002	1200 E Anaheim St	9800	9289	19089	\$1,595.83	0.99%
7267-003-013	1230 E Anaheim St	5642	5674	11316	\$946.01	0.59%
7267-003-041	1350 E Anaheim St	5520	5306	10826	\$905.05	0.56%
7267-003-042	1340 E Anaheim St	1080	10065	11145	\$931.72	0.58%
7267-004-003	1168 E Anaheim St	2500	5021	7521	\$628.75	0.39%
7267-004-004	1164 E Anaheim St	6860	7026	13886	\$1,160.87	0.72%
7267-004-005	1180 E Anaheim St	0	6002	6002	\$501.77	0.31%
7267-004-006	1190 E Anaheim St	2832	12523	15355	\$1,283.67	0.79%
7267-004-018	1158 E Anaheim St	1498	13698	15196	\$1,270.38	0.79%
7268-018-024	1199 E Anaheim St	780	21996	22776	\$1,904.07	1.18%

7268-018-029	1165 E Anaheim St	9862	35225	45087	\$3,769.26	2.33%
7268-040-022	1511 E Anaheim St	1450	6099	7549	\$631.09	0.39%
7268-040-023	1515 E Anaheim St	616	4082	4698	\$392.75	0.24%
7268-040-024	1525 E Anaheim St	1158	6096	7254	\$606.43	0.38%
7268-040-031	1569 E Anaheim St	4964	13967	18931	\$1,582.63	0.98%
7268-042-031	1223 E Anaheim St	25133	33753	58886	\$4,922.85	3.05%
	<b>Total Non-Govt Assessments</b>				<b>\$95,796.31</b>	<b>59.32%</b>
	<b>Total Govt Assessments</b>				<b>\$65,704.69</b>	<b>40.68%</b>
	<b>Total All Parcels</b>				<b>\$161,501.00</b>	<b>100.00%</b>





# **Midtown Business Improvement District Long Beach**

**Long Beach, California  
May 2015**

*Prepared by:*  
**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*



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## ENGINEER'S STATEMENT

This Report is prepared pursuant to Article XIID of the California State Constitution (Proposition 218) and the State of California Property and Business Improvement District Law of 1994 as amended.

The Midtown Property-Based Business Improvement District (the "PBID") will provide funding for enhanced maintenance, safety, beautification and marketing activities, above and beyond those provided by the City of Long Beach. Every individual assessed parcel within the PBID receives special benefit from the activities identified under Section B of this Report. Only those individual assessed parcels within the PBID receive the special benefit of the proposed activities; parcels contiguous to and outside the PBID and the public at large may receive a general benefit, as outlined in Section E. The cost to provide general benefits, if any, will be funded from sources other than special assessments.

The duration of the proposed PBID is five (5) years, commencing January 1, 2016 and continuing through December 31, 2020.

An estimated budget for the PBID improvements and activities is set forth in Section D. The annual budget may increase no more than 4% per year consistent with the increase in consumer price index (CPI) and increases in program costs. The determination of annual budget adjustments and assessment rates will be subject to the review and approval of the board of the Owners' Association. Funding for the PBID improvements and activities shall be derived from a property-based assessment of each specially benefitted parcel in the PBID. A detailed description of the methodology for determining the proportional special benefit each individual assessable parcel receives from the activities and the assessment for each parcel is set forth in Section E.

I hereby certify to the best of my professional knowledge that each of the identified assessable parcels located within the PBID will receive a special benefit over and above the benefits conferred to those parcels outside of the PBID boundary and to the public at large and that the amount of the proposed special assessment is proportional to, and no greater than the special benefits received.



Respectfully submitted,

Terrance E. Lowell, P.E.

## SECTION A: LEGISLATIVE AND JUDICIAL REVIEW

### Property and Business Improvement District Law of 1994

The Property and Business Improvement District Law of 1994 (the "State Law") is the legislation that authorizes the City to levy assessments upon real property for the purposes of providing improvements and activities that specially benefit each individual assessed parcel in the PBID. The purpose of the PBID is to encourage commerce, investment, and business activities. In order to meet these goals PBIDs typically fund activities and improvements, such as, enhanced safety and cleaning. Unlike other assessment districts which fund the construction of public capital improvements or maintenance thereof, PBIDs provide activities and improvements "to promote the economic revitalization and physical maintenance of the business districts of its cities in order to create jobs, attract new businesses, and prevent the erosion of the business districts." (Streets and Highways Code Section 36601(b)). The improvements and activities funded through the PBID are over and above those already provided by the City within the PBID's boundaries. Each of the PBID activities or improvements is intended to increase building occupancy and lease rates, to encourage new business development, attract businesses that serve the community, and improve the quality of life.

Specifically, the State Law defines "Improvements" and "Activities" as follows:

*"Improvement" means the acquisition, construction, installation, or maintenance of any tangible property with an estimated useful life of five years..."<sup>1</sup>*

*"Activities" means, but is not limited to, all of the following:*

- (a) Promotion of public events which benefit businesses or real property in the district.*
- (b) Furnishing of music in any public place within the district.*
- (c) Promotion of tourism within the district.*
- (d) Marketing and economic development, including retail retention and recruitment.*
- (e) Providing safety, sanitation, graffiti removal, street and sidewalk cleaning, and other municipal services supplemental to those normally provided by the municipality.*
- (f) Activities which benefit businesses and real property located in the district."<sup>2</sup>*

### Article XIID of the State Constitution

In 1996, California voters approved Proposition 218, codified in part as Article XIID of the State Constitution. Among other requirements, Article XIID changes the way local agencies enact local taxes and levy assessments on real property. It states, in relevant part, that:

*(a) An agency which proposes to levy an assessment shall identify all parcels which will have a special benefit conferred upon them and upon which an assessment will be imposed. The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of a public improvement, the maintenance and operation expenses of a public improvement, or the cost of the property related service being provided. No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel. Only special benefits are assessable, and an agency shall separate the general benefits*

<sup>1</sup> California Streets and Highways Code, Section 36610.

<sup>2</sup> California Streets and Highways Code, Section 36613.

from the special benefits conferred on a parcel. Parcels within a district that are owned or used by any agency, the State of California or the United States shall not be exempt from assessment unless the agency can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit.

(b) All assessments shall be supported by a detailed engineer's report prepared by a registered professional engineer certified by the State of California.<sup>3</sup>

"Special benefit" means a particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public at large. General enhancement of property value does not constitute "special benefit."<sup>4</sup>

### Judicial Guidance

Since the enactment of Article XIID, the courts have rendered opinions regarding various aspects of Article XIID. The notable portions of cases that apply to assessment districts in general and this PBID in particular are noted below.

*"The engineer's report describes the services to be provided by the PBID [i.e. the PBID]; (1) security, (2) streetscape maintenance (e.g., street sweeping, gutter cleaning, graffiti removal), and (3) marketing, promotion, and special events. They are all services over and above those already provided by the City within the boundaries of the PBID. And they are particular and distinct benefits to be provided only to the properties within the PBID, not to the public at large—they 'affect the assessed property in a way that is particular and distinct from [their] effect on other parcels and that real property in general and the public at large do not share.'"<sup>5</sup>*

*"...separating the general from the special benefits of a public improvement project and estimating the quantity of each in relation to the other is essential if an assessment is to be limited to the special benefits."<sup>6</sup>*

*"...the agency must determine or approximate the percentage of the total benefit conferred by the service or improvement that will be enjoyed by the general public and deduct that percentage of the total cost of the service or improvement from the special assessment levied against the specially benefitted property owners."<sup>7</sup>*

*"...even minimal general benefits must be separated from special benefits and quantified so that the percentage of the cost of services and improvements representing general benefits, however slight, can be deducted from the amount of the cost assessed against specially benefitting properties."<sup>8</sup>*

The contents of this Engineer's Report are prepared in compliance with the above noted authorizing legislation, the State Constitution and the judicial opinions.

<sup>3</sup> Section 4, Article XIID of the State Constitution.

<sup>4</sup> Section 2 (l), Article XIID of the State Constitution.

<sup>5</sup> Dahms v. Downtown Pomona Property and Business Improvement District (2009) 174 Cal.App. 4th 708, 722.

<sup>6</sup> Beutz v. County of Riverside (2010) 184 Cal. App. 4th 1516, 1532.

<sup>7</sup> Golden Hill Neighborhood Association, Inc. v. City of San Diego (2011) 199 Cal.App. 4th 416, 438.

<sup>8</sup> Golden Hill Neighborhood Association, Inc. v. City of San Diego (2011) 199 Cal.App. 4th 416, 439.

## **SECTION B: IMPROVEMENTS AND ACTIVITIES**

The Midtown PBID Steering Committee collectively determined the priority for improvements and activities to be delivered by the business improvement district. The primary needs as determined by the property owners are both Clean, Safe, Beautiful as well as Marketing activities. Specifically, the PBID shall provide the following activities.

### **CLEAN, SAFE, BEAUTIFUL PROGRAMS**

#### **Safe Team Program**

The Safety Program will provide security services for the individual assessed parcels located within the District in the form of patrolling bicycle personnel, and walking patrols. The owners association may also consider the use of security cameras as an additional safety program. The purpose of the Safe Team Program is to prevent, deter and report illegal activities. The presence of the Safe Team Program is intended to deter such illegal activities as public urination, indecent exposure, trespassing, drinking in public, prostitution, illegal panhandling, illegal vending, and illegal dumping for individually assessed parcels. The Program will supplement, not replace, other ongoing police, security and patrol efforts within the District. The Safe Team Program will maintain communication with the Long Beach Police Department (LBPD) area patrols and intends to report illegal activities to the LBPD. The Safe Team Program will only provide its services to individually assessed properties within the District boundaries. The special benefit to assessed parcels from these services is increased commercial activity which directly relates to increases in lease rates and customer usage.

#### **Clean and Beautiful Program**

In order to consistently deal with cleaning issues, a Clean and Beautiful Program is provided. A multi-dimensional approach has been developed consisting of the following elements. The clean team will only provide service to assessed properties within District boundaries. The special benefit to individually assessed parcels from these services is increased commercial activity which directly relates to increases in lease rates and customer usage.

**Sidewalk Cleaning:** Uniformed, radio equipped personnel sweep litter, debris and refuse from sidewalks and gutters of the District. District personnel will pressure wash the sidewalks. Clean sidewalks support an increase in commerce and provides a special benefit to each individually assessed parcel in the district.

**Graffiti Removal:** District personnel remove graffiti by painting, using solvent and pressure washing. The District maintains a zero tolerance graffiti policy. An effort is made to remove all tags within 24 hours on weekdays.

**Landscape Maintenance:** Landscape maintenance is an important program that works to attract increased customers to the District. Landscape maintenance includes maintaining tree wells and weed abatement. A well landscaped district supports an increase in commerce and provides a special benefit to each individually assessed parcel in the district.



### **MARKETING/COMMUNICATION**

It is important to not only provide the services needed in the District, but to tell the story of improvement in the District. The special benefit to District parcels from the programs below is an increased awareness of the businesses within the district and their individual offerings which attracts new customers to the District businesses and provides an increase in commercial activity which directly relates to increases in lease rates and enhanced commerce. Some of the communication/image programs being considered are:

- Web Site
- Banners
- Social Media
- Business Directory
- Business Retention
- Business Recruitment
- Events
- Customer Recruitment

### **MANAGEMENT**

The improvements and activities are managed by a professional staff that requires centralized administrative support. Management staff oversees the District's services and actively works on behalf of the District parcels to insure that City and County services and policies support the District. Included in this item are management labor, office expense and organizational expenses such as insurance and the cost to conduct a yearly financial review. A well-managed District provides necessary BID program oversight and guidance that produces higher quality and more efficient programs.

Management staff expenses are allocated according to generally accepted accounting job costing procedures and are allocated to the specific areas in which staff works. The special benefit to assessed parcels from these services is an effective and efficient delivery of District services because of management staff oversight, an increased transparency of District programs and financial transactions which will be available to parcel owners in the newsletter and on the web site, an increased likelihood of improved lease rates and tenant occupancy because of an increase in commercial activity, and an increase in customers in part due to the work of the management staff as stated above.

## SECTION C: BENEFITTING PARCELS

### ***PBID Boundary Description***

Begin at the intersection of Alamitos Avenue and E. Anaheim Street on the north parcel line of parcel 7268018029 on the northeast corner of Alamitos Avenue. Continue east along the northern boundary of parcels facing on the north side of E. Anaheim Street to Raymond Avenue. Turn south along the west parcel line of parcel 7260021029, cross E. Anaheim Street and continue south along the east parcel line of parcel 7260032014 to the south parcel line of parcel 7260032014. Turn west along the south parcel line of parcels facing on the south side of E. Anaheim Street to Walnut Street. At Walnut Street continue along the south parcel line of parcel 7267001900. Continue north along the south parcel line of parcels facing on the west side of E. Anaheim Street to the starting point at the intersection of Alamitos Avenue and E. Anaheim Street.

### ***District Boundary Rationale***

The property uses within the general boundaries of the Midtown Business Improvement District are a mix of retail, office, civic, transit, and religious. Services and improvements provided by the District are designed to provide special benefits to the retail, office, civic, transit, and religious parcels. All of the services provided such as the security work provided by the Safe Team and work provided by the Clean Team are services that are over and above the City's baseline of services and are not provided by the City. These services are not provided outside of the District because of the unique nature of these services focusing on the particular needs of each individually assessed property within the District. These services provide particular and distinct benefits to each of the individually assessed parcels within the District.

In order to ensure that parcels outside of the District will not specially benefit from the improvements and services funded with the assessment, improvements and services will only be provided to individual assessed parcels within the boundaries of the District. Specifically, security patrols, cleaning / sanitation personnel, and similar service providers employed in connection with the District will only patrol and provide services to individually assessed parcels within the District, and will not provide services outside of District boundaries. Nor will District promotional efforts promote activities outside of District boundaries.

**Northern Boundary:** The northern boundary of the Midtown Business Improvement District was determined by the zoning and use of the parcels north of the District boundaries. The parcels north of the District boundaries are zoned residential and as per State of California Streets and Highways code section 36632.(c) "*are conclusively presumed not to benefit from the improvements and service funded through these assessments...*" In order to ensure that parcels outside of the District will not specially benefit from the unique improvements and services funded with the assessment, improvements and services will only be provided to assessed parcels within the boundaries of the District.

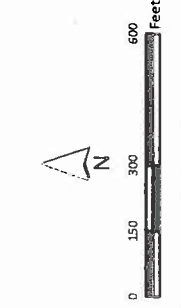
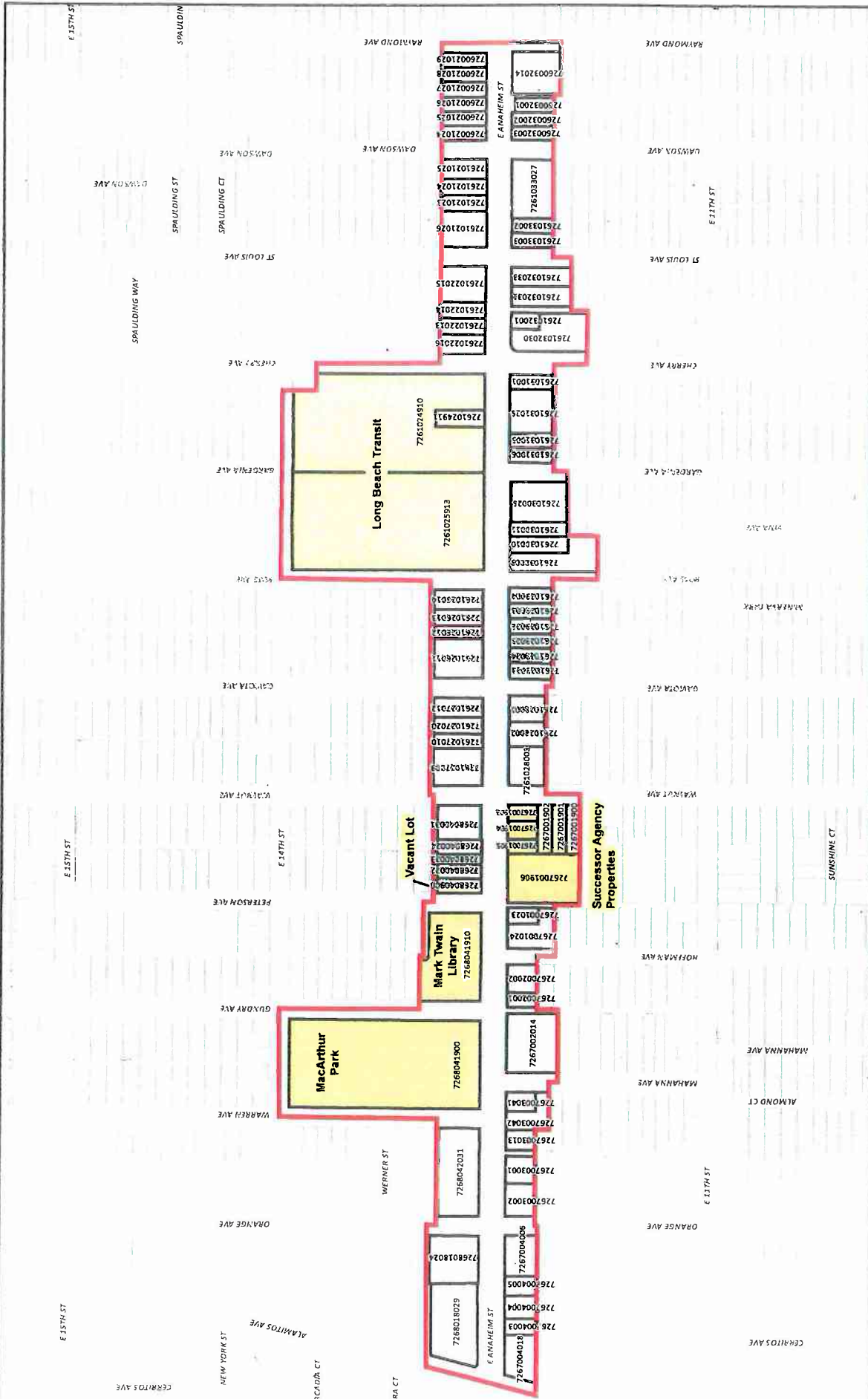
**Eastern Boundary:** The eastern boundary of the Midtown Business Improvement District was determined by the presence of the East Anaheim Business Improvement District which provides programs similar to the Midtown Business Improvement District. In order to ensure that parcels outside of the District will not specially benefit from the unique improvements and services funded with the assessment, improvements and services will only be provided to assessed parcels within the boundaries of the District. Specifically, security patrols, maintenance personnel, and similar service providers employed in connection with the District will only patrol and provide services to

individual assessed parcels within the District, and will not provide services outside of District boundaries.

Southern Boundary: The southern boundary of the Midtown Business Improvement District was determined by the zoning and use of the parcels south of the District boundaries. The parcels south of the District boundaries are zoned residential and as per State of California Streets and Highways code section 36632.(c) *"are conclusively presumed not to benefit from the improvements and service funded through these assessments..."* In order to ensure that parcels outside of the District will not specially benefit from the unique improvements and services funded with the assessment, improvements and services will only be provided to assessed parcels within the boundaries of the District.

Western Boundary: The western boundary of the Midtown Business Improvement District was determined by Alamitos Avenue. Alamitos Avenue is the natural boundary between the Midtown/Cambodia neighborhood and the Central Long Beach neighborhood. Alamitos Avenue is a broad and fast street that acts as a barrier between the two neighborhoods. In order to ensure that parcels outside of the District will not specially benefit from the unique improvements and services funded with the assessment, improvements and services will only be provided to individual assessed parcels within the boundaries of the District. Specifically, security patrols, maintenance personnel, and similar service providers employed in connection with the District will only patrol and provide services to individual assessed parcels within the District, and will not provide services outside of District boundaries.

A map of the proposed district boundary is shown on the following page.



# City of Long Beach, California Proposed Midtown PBID

Parcel Ownership Data Source: Los Angeles County Assessor, December 2, 2014



Map of City of Long Beach, California, Midtown PBID Area, December 2, 2014. Prepared by [unreadable].

## SECTION D: PROPORTIONAL BENEFITS

### **Methodology**

Article XIID Section 4(a) of the State Constitution states that "The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of the public improvement, the maintenance and operation expenses of a public improvement, or the cost of the property related service being provided."

Determining the proportionate special benefit among the parcels of real property within the proposed assessment district which benefit from the proposed improvements, services, and activities is the result of a four-step process:

1. Defining the proposed activities,
2. Determining which parcels specially benefit from the proposed activities,
3. Determining the amount of special benefit each parcel receives,
4. Determining the proportional special benefit a parcel receives in relation to the amount of special benefit all other parcels in the PBID receive.

Each identified parcel within the PBID will be assessed based upon each parcel's unique characteristics in relationship to all other specially benefitted parcels' characteristics. Due to the proportionate special benefits received by each parcel from the PBID services, each parcel will be assessed a rate which is commensurate with the amount of special benefits received.

### **Special Benefit Factor**

The methodology to levy assessments upon real property that receives special benefits from the improvements and activities of the Midtown Business Improvement District are Parcel Square Footage and Building Square Footage as the two assessment variables. Parcel square footage is relevant to the best use of a property and will reflect the long term special benefit implications of the improvement district. Building square footage is relevant to the interim use of a property and is utilized to measure short and mid-term special benefit.

Services and improvements provided by the District are designed to provide special benefits to the retail, office, civic, transit, and religious parcels. The use of each parcel's lot square footage and building square footage is the best measure of benefit for the programs because the intent of the District programs is to improve the safety of each individual parcel, to increase building occupancy and lease rates, to encourage new business development and attract ancillary businesses and services for parcels within the District, in other words to attract more customers, clients and or employees. The best way to determine each parcels proportionate special benefit from the District programs is to relate each parcel's lot square footage and building square footage to every other parcel's lot square footage and building square footage.

Building Square Footage Defined. Building square footage is defined as gross building square footage as determined by the outside measurements of a building.

Parcel Square Footage Defined. Parcel square footage is defined as the total amount of area within the borders of the parcel. The borders of a parcel are defined on the County Assessor parcel maps.

Assessable Square Footage Defined. Assessable square footage is defined as the total of the parcel square footage and building square footage for each parcel.

## SECTION E: SPECIAL and GENERAL BENEFITS

State Law, Proposition 218, and judicial opinions require that assessments be levied according to the estimated special benefit each assessed parcel receives from the activities and improvements. Article XIID Section 4(a) of the California Constitution in part states that "only special benefits are assessable," which requires that we separate the general benefits, if any, from the special benefits provided by the proposed activities and improvements.

As of January 1, 2015, the State Legislature amended the State Law to clarify and define both special benefit and general benefit as they relate to the improvements and activities these districts provide. Specifically, the amendment (Section 36615.5 of the Streets and Highways Code) defines special benefit as follows: "Special benefit' means, for purposes of a property-based district, a particular and distinct benefit over and above general benefits conferred on real property located in a district or to the public at large. Special benefit includes incidental or collateral effects that arise from the improvements, maintenance, or activities of property-based districts even if those incidental or collateral effects benefit property or persons not assessed."

In addition, the amendment (Section 36609.5 of the Streets and Highways Code) defines general benefit as follows: "General benefit' means, for purposes of a property-based district, any benefit that is not a 'special benefit' as defined in Section 36615.5."

Furthermore, the amendment (Section 36601(h)(2)) states: "Activities undertaken for the purpose of conferring special benefits upon property to be assessed inherently produce incidental or collateral effects that benefit property or persons not assessed. Therefore, for special benefits to exist as a separate and distinct category from general benefits, the incidental or collateral effects of those special benefits are inherently part of those special benefits. The mere fact that special benefits produce incidental or collateral effects that benefit property or persons not assessed does not convert any portion of those special benefits or their incidental or collateral effects into general benefits."

### **Special Benefit Analysis**

All special benefits derived from the assessments outlined in this Report are for property-related activities that are specifically intended for and 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 to provide a cleaner, safer and more attractive and economically vibrant environment as outlined in Section B. The goal of improving the economic vitality is to improve 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 sidewalks, streets 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, and 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.<sup>9</sup> 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.

In addition, each specially benefitted parcel benefits from: increased security patrol, removing graffiti from their buildings, connecting the homeless to available resources, reducing the number of trips and falls by repairing the grout in the sidewalks in front of their parcel, picking up trash that pedestrians leave behind, and power washing their sidewalks.

#### **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, trash removal, and landscape maintenance. These activities create the environment needed to achieve the PBID goals.

#### **Marketing**

The Marketing activities are tied to and will specially benefit each parcel by encouraging business development and investment that generates customer traffic, which directly relates to increases

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<sup>9</sup> "Accelerating economic growth and vitality through smarter public safety management" IBM Global Business Services Executive Report, September 2012, pg. 2

in commercial activity, 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 conclude 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 are 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.

### **General Benefit Analysis**

As required by the State Constitution Article XIIID 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 rights-of-way (streets, sidewalks) adjacent to all specially benefitted parcels in the PBID. In the case of the Midtown PBID the surrounding parcels are primarily residential parcels that do not have a need to improve commerce. 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 the general benefit analysis to the parcels outside of the PBID boundary, we also quantify the general benefits to the public at large, i.e., 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 from the PBID activities.

To calculate the general benefit the public at large may receive we determine the percentage of each PBID activity budget that may benefit the general public. In this case, the Clean, Safe and Beautiful activities may generally benefit the public as the general public may appreciate the enhanced level of security and cleanliness as it passes through the PBID. The Marketing activities are tailored to benefit the physical characteristics of the parcels, buildings or the tenants of each parcel and are not intended to benefit the general public. If there are any public benefits, they are incidental and collateral to providing special benefits to the assessed parcels.



The table below shows the budget for the Clean, Safe and Beautiful activities and its respective percentage of the total PBID budget. We then apply a Relative Benefit factor to this activity. The relative benefit factor is a basic unit of measure that compares the benefit the general public receives compared to the public that specially benefits (employees, tenants, customers) from each activity. Since the specially benefitted public receives 100% of the activities it is assigned a relative benefit factor of 1.0 for the Clean, Safe and Beautiful activities, and the general public is assigned a relative benefit factor of 0.10. This takes into consideration that this is a relatively small community without significant pedestrian traffic.

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)
Clean, Safe, Beautiful	\$99,833	59.62%	10.00%	5.9619%	\$5,952

This analysis indicates that 5,952% for Clean, Safe and Beautiful activities may be attributed to general benefit to the public at large, equaling a total of \$5,952 that must be raised from sources other than special assessments.

**General Benefit Conclusion**

Using the sum of the two measures of general benefit described above we find that \$5,952 may be general in nature and will be funded from sources other than special assessments.

## SECTION F: COST ESTIMATE

### 2016 Operating Budget

The PBID's operating budget takes into consideration:

1. The improvements and activities needed to provide special benefits to each individual parcel within the PBID boundary (Section B),
2. The parcels that specially benefit from said improvements and activities (Section C), and
3. The costs associated with the special and general benefits conferred (Section E).

<b>EXPENDITURES</b>	<b>BUDGET</b>	<b>% of Budget</b>
Clean, Safe and Beautiful	\$99,833	60%
Marketing and Economic Development	\$28,720	17%
Administration and Office	\$38,900	23%
<b>Total Expenditures</b>	<b>\$167,453</b>	<b>100%</b>
<b>REVENUES</b>		
Assessment Revenues	\$161,501	96.45%
Other Revenues (1)	\$5,952	3.55%
<b>Total Revenues</b>	<b>\$167,453</b>	<b>100.00%</b>

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

### Budget Notations

1. The annual budget may increase no more than 4% per year consistent with the increase in consumer price index (CPI) and increases in program costs. The determination of annual budget adjustments and assessment rates will be subject to the review and approval of the board of Downtown Long Beach Inc. and the City Council.

## SECTION G: APPORTIONMENT METHOD

As previously discussed in Section D, the PBID is allocated to two parcel characteristics; parcel size plus building square footage. The table below summarizes the assessable lot plus building square footage.

Characteristic	Total District
Lot/Parcel Sq Ft	1,366,702
Building Sq Ft.	565,135
<b>Assessable Sq. Ft. (Lot + Building)</b>	<b>1,931,837</b>

### Calculation of Assessments

Based on the assessable lot plus building square footage and the proposed budget, all of which are discussed above, the first year's maximum annual assessment rate for each parcel follows:

	Assessment Year 2016
Rate per Assessable Square Foot	\$0.0836

### Sample Parcel Assessment

To calculate the assessment for a parcel with a 5,000 square foot of lot and 2,000 square foot building, add together the lot square footage and the building square footage to get the assessable square footage, then multiply the assessable square footage (7,000) by the assessment rate (\$0.836) = the total annual parcel assessment (\$606.90).

Lot Sq Ft (5,000) + Building Sq Ft (2,000) = Assessable Sq Ft (7,000)  
 Assessable Sq Ft (7,000) x Assessment Rate (\$0.0836) = \$585.20 initial annual parcel assessment

The assessment calculation is the same for every parcel in the PBID.

### Maximum Annual Assessment Adjustments

The cost of providing programs and services may vary depending on the market cost for those programs and services. Expenditures may require adjustment up or down to continue the intended level of programs and services. Assessments may be subject to annual increases not to exceed the assessment rates in the table below for any given year. Increases will be determined by the District Owner's Association and will vary between 0 and 4% in any given year. Any change will be approved by the owner's association board of directors. Pursuant to Section 36650 of the California Streets and Highways Code.

The projections below illustrate a maximum 4% annual increase for all assessment rates.

### Maximum Assessment Table

	2016	2017	2018	2019	2020
Assessable Sq Ft Rate (Lot + Building)	\$0.0836	\$0.0869	\$0.0904	\$0.0940	\$0.0978

### Budget Adjustment

Any annual budget surplus will be included into the following year's District budget. The budget will be set accordingly, within the constraints of the management plan to adjust for surpluses that are carried forward. District funds may be used to fund the cost of renewing the District. Funds from an expired District shall be rolled over into the new District if one is established, or returned to the property owners if one is not established, in accordance with the Streets and Highways Code section 36671

If an error is discovered on a parcel's assessed footages, the District may investigate and correct the assessed footages after confirming the correction with the L.A. County Assessor Data and City of Long Beach. The correction may result in an increase or decrease to the parcels assessment.

### ***Future Development***

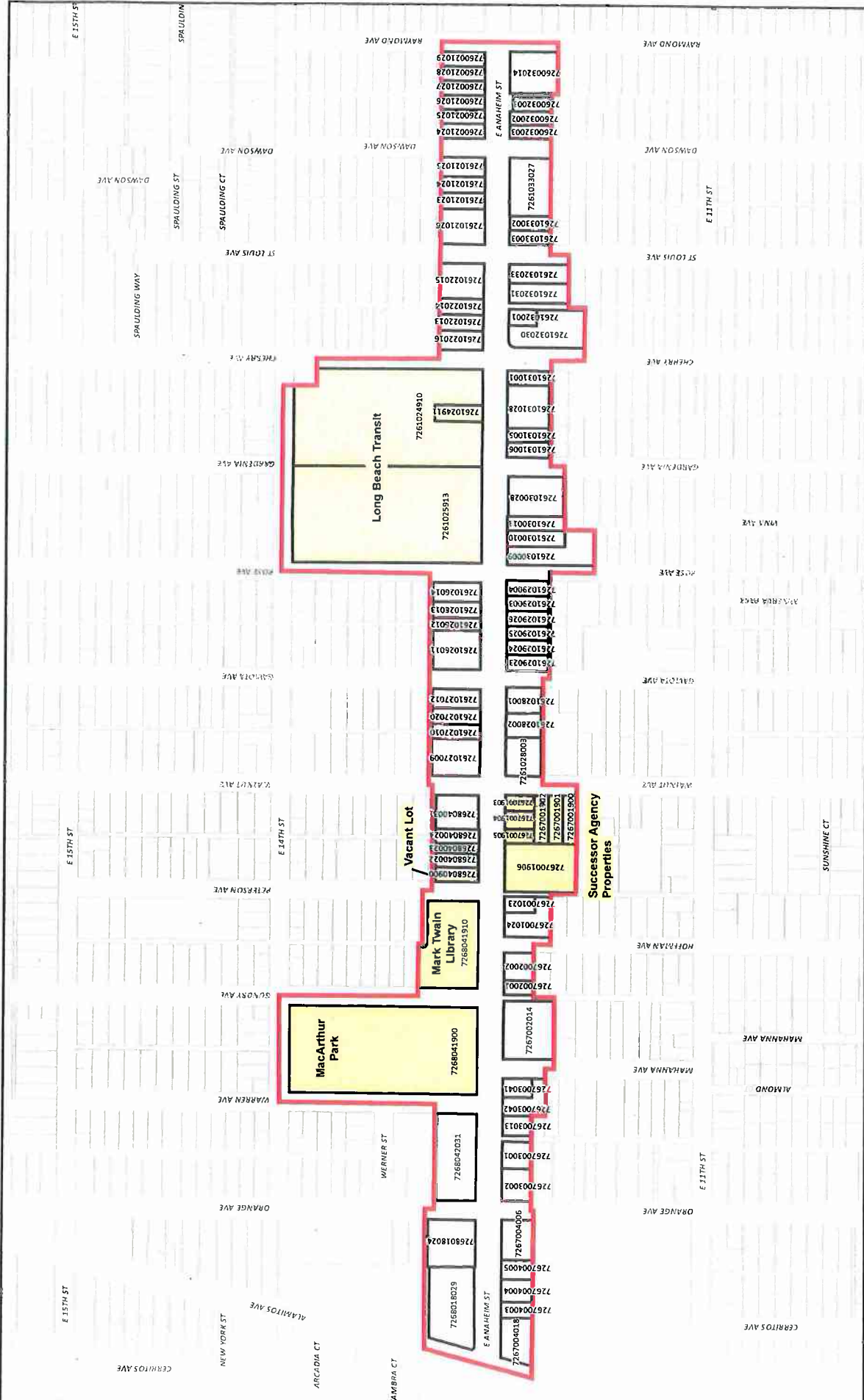
As a result of continued development, the District may experience the addition or subtraction of assessable footage for parcels included and assessed within the District boundaries. The modification of parcel improvements assessed within the District may then change upwards or downwards the amount of total footage assessment for these parcels, pursuant to Government Code 53750, will be prorated to the date they receive the temporary and/or permanent certificate of occupancy.

In future years, the assessments for the special benefits bestowed upon the included BID parcels may change in accordance with the assessment methodology formula listed in the Management District Plan and Engineer's Report provided the assessment rate does not change. If the assessment formula changes and increases assessments then a Proposition 218 ballot will be required for approval of the formula changes.

## **SECTION H: ASSESSMENT ROLL**

The total assessment amount for FY 2015-16 is \$161,501 apportioned to each individual assessed parcel, as follows.

**Midtown Business Improvement District**  
**City of Long Beach Owned Parcels Identified**



**City of Long Beach, California**  
**Proposed Midtown PBID**

Parcel Ownership Data Source: Los Angeles County Assessor, December 2, 2014

- Legend**
- Midtown BID Limits
  - City Owned Property
  - Midtown BID Property

Map data provided by Google Maps. All rights reserved. Map data provided by Google Maps. All rights reserved.

OFFICE OF CITY ATTORNEY  
CHARLES P. ... N, City Attorney  
333 West Ocean Boulevard, 11th Floor  
Long Beach, CA 90802-4664

1 RESOLUTION NO.

2  
3 A RESOLUTION OF THE CITY COUNCIL OF THE  
4 CITY OF LONG BEACH ESTABLISHING THE MIDTOWN  
5 BUSINESS IMPROVEMENT DISTRICT, FIXING THE  
6 BOUNDARIES THEREOF AND PROVIDING FOR THE  
7 LEVY OF ASSESSMENT

8  
9 The City Council of the City of Long Beach resolves as follows:

10 Section 1. This resolution is made and enacted pursuant to the  
11 provisions of the Property and Business Improvement District Law of 1994 (Section  
12 36600, et seq. of the California Streets and Highways Code, hereinafter sometimes  
13 referred to as "the law").

14 A. On June 16, 2015, the City Council of the City of Long Beach  
15 adopted Resolution No. RES-15-0075, entitled "A Resolution Of Intention of  
16 the City Council of the City Of Long Beach Declaring the Intention of the  
17 City Council to Establish the Midtown Business Improvement District, Fixing  
18 the Time and Place of a Public Hearing Thereon And Giving Notice  
19 Thereof".

20 B. Pursuant to California Constitution Article XIII D, ballots were  
21 mailed to the property owners within the proposed boundaries of the  
22 Midtown Business Improvement District (the "District").

23 C. Further, pursuant to Resolution of Intention, Resolution No.  
24 RES-15-0075, a public hearing concerning the formation of said District was  
25 held before the City Council of the City of Long Beach on August 11, 2015,  
26 at the hour of 5:00 p.m. in the City Council Chambers of City Hall of the City  
27 of Long Beach.

28 D. All written and oral protests made or filed were duly heard,

1 evidence for and against the proposed action was received, and a full, fair  
2 and complete hearing was granted and held.

3 E. At the conclusion of the public hearing, the tabulation of the  
4 ballots was performed and among those ballots returned to the City, a  
5 weighted majority of the property owners within the District have approved  
6 the formation of the District.

7 F. That following such hearing, the City Council did and does  
8 hereby find that the properties and businesses lying within the property and  
9 business improvement district herein created, in the opinion of the City  
10 Council, will be benefitted by the expenditures of funds raised by the  
11 assessment or charges proposed to be levied hereunder.

12 G. A copy of the Management District Plan is attached as Exhibit  
13 "A" hereto ("Management District Plan").

14 Section 2. That pursuant to said law a property and business  
15 improvement district is hereby established in the City of Long Beach as herein set forth  
16 and that all properties in the district established by this resolution shall be subject to any  
17 amendments made hereafter to the law or to other applicable laws.

18 Section 3. That the boundaries of the property and business  
19 improvement district, the activities and improvements to be funded, and the amount of  
20 the proposed assessments shall be as indicated in Exhibit "A". No bonds will be issued  
21 under the Management District Plan.

22 Section 4. That the City Council hereby levies and imposes and orders  
23 the collection of an annual assessment to be imposed upon properties in the proposed  
24 property and business improvement district described above. Such annual assessment  
25 shall be equal to the amounts set forth in Exhibit "A".

26 Section 5. That the Management District Plan, attached hereto as Exhibit  
27 "A", is hereby approved.

28 Section 6. That the improvements and activities to be provided in the



OFFICE OF THE CITY ATTORNEY  
CHARLES F. ... N, City Attorney  
333 West Ocean Boulevard, 11th Floor  
Long Beach, CA 90802-4664

1 property and business improvement district shall be funded by the levy of assessments  
2 and that the proposed uses to which the proceeds of the annual assessment shall be put  
3 are limited to those set for the in California Streets and Highways Code Sections 36600  
4 et seq., as amended.

5 The City Council of the City of Long Beach shall have sole discretion as to  
6 how the revenue derived from said assessments is to be used within the scope of the  
7 above purposes; provided, however, it shall consider recommendations as to the use of  
8 said revenue made by the Midtown Property and Business Owners Association  
9 ("MPBOA"), which has been previously designated as the "Owners' Association" for the  
10 District.

11 Section 7. If any section, subsection, sentence, clause or phrase of this  
12 resolution is for any reason held to be invalid or unconstitutional by the decision of any  
13 court of competent jurisdiction, such decision shall not affect the validity of the remaining  
14 portions of the resolution. The City Council hereby declares that it would have passed  
15 this resolution and each section, subsection, sentence, clause and phrase hereof,  
16 irrespective of the fact that any one or more of the sections, subsections, sentences,  
17 clauses or phrases hereof be declared invalid or unconstitutional.

18 Section 8. This resolution shall take effect immediately upon its adoption  
19 by the City Council, and the City Clerk shall certify to the vote adopting this resolution.

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OFFICE OF THE CITY ATTORNEY  
CHARLES P. N, City Attorney  
333 West Ocean Boulevard, 11th Floor  
Long Beach, CA 90802-4664

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I hereby certify that the foregoing resolution was adopted by the City Council of the City of Long Beach at its meeting of \_\_\_\_\_, 2015, by the following vote:

Ayes: Councilmembers: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Noes: Councilmembers: \_\_\_\_\_

\_\_\_\_\_

Absent: Councilmembers: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

City Clerk

EXHIBIT "A"

EXHIBIT "A"

**Midtown Business Improvement District  
Management District Plan**

**For  
A Property Based  
Business Improvement District  
In Long Beach**

**May 2015**

**Prepared By  
Urban Place Consulting Group, Inc.**

**Table of Contents**  
**For the**  
**Midtown Business Improvement District (District)**  
**Long Beach, California**

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**Section 1  
Management District Plan Summary**

The name of the proposed Property-based Business Improvement District is the Midtown Business Improvement District (the "District"). The District is being established pursuant to Section 36600 et seq. of the California Streets and Highways Code, The "Property and Business Improvement District Law of 1994 as amended", hereinafter referred to as State Law.

Developed by the Midtown Business Improvement District Steering Committee, the Midtown Business Improvement District Management Plan is proposed to improve and convey special benefits to properties located within the Midtown Business Improvement District area. The District will provide new improvements and activities, including clean/safe/beautiful, communication, and management. Each of the programs are designed to meet the goals and mission of the District; to improve the safety of each individual parcel within the District, to increase building occupancy and lease rates, to encourage new business development; and attract ancillary businesses and services for parcels within the District.

**Boundary:** See Section 2, Page 5 and map page 6.

**Budget:** The total District budget for the 2016 year of operation is approximately \$167,453.

**Improvements, Activities, Services:**

**CLEAN, SAFE, BEAUTIFUL**

**\$99,833.00**

**Enhanced Safe Programs:**

A Midtown Business Improvement District Safe Team Program to deal with crime prevention and inappropriate conduct in the District.

- Walking and Bicycle Patrol
- Safety Programs

**Enhanced Clean and Beautiful Programs**

- Sidewalk Sweeping
- Sidewalk Pressure Washing
- Graffiti & Sticker Removal
- Trash Removal
- Landscape programs

**MARKETING/COMMUNICATION**

**\$28,720**

- Website
- Banners

- Social Media
- Business Retention
- Business Recruitment
- Events
- Customer Recruitment

**MANAGEMENT**

**\$38,900**

**Method of Financing:** A levy of special assessments upon real property that receives special benefits from the improvements and activities. (See Section 4, for assessment methodology)

**Benefit Zones:** The State Law and State Constitution Article XIID require that special assessments be levied according to the special benefit each parcel receives from the improvements. In order to match assessment rates to special benefits, all property within the Midtown Business Improvement District is assessed using the same assessment methodology. There is only one zone.

**Cost:** Annual assessments are based upon an allocation of program costs and a calculation of assessable footage. Two property assessment variables, parcel square footage and building square footage, will be used in the calculation together as assessable square footage. The 2016 year assessments per assessment variable will not exceed amounts listed in the following chart:

Assessable Square Footage(Lot + Building) Assessment	\$0.0836
--	----------

**Cap:** Annual assessment increases will not exceed 4% per year. Increases will be determined by the business improvement district Owners' Association and will vary between 0 and 4% in any given year.

The cost of providing programs and services may vary depending on the market cost for those programs and services. Expenditures may require adjustment up or down to continue the intended level of programs and services. The owners association shall have the right to reallocate up to 10% by line item within the budgeted categories. Pursuant to Section 36650 of the California Streets and Highways Code. The overall budget shall remain consistent with this Management District Plan.

**District Formation:** District formation requires submission of favorable petitions from property owners representing more than 50% of total assessments to be paid and the return of mail ballots evidencing a majority of ballots cast in favor of the assessment. Ballots are weighted by each property owner's



assessment as proportionate to the total proposed District assessment amount.

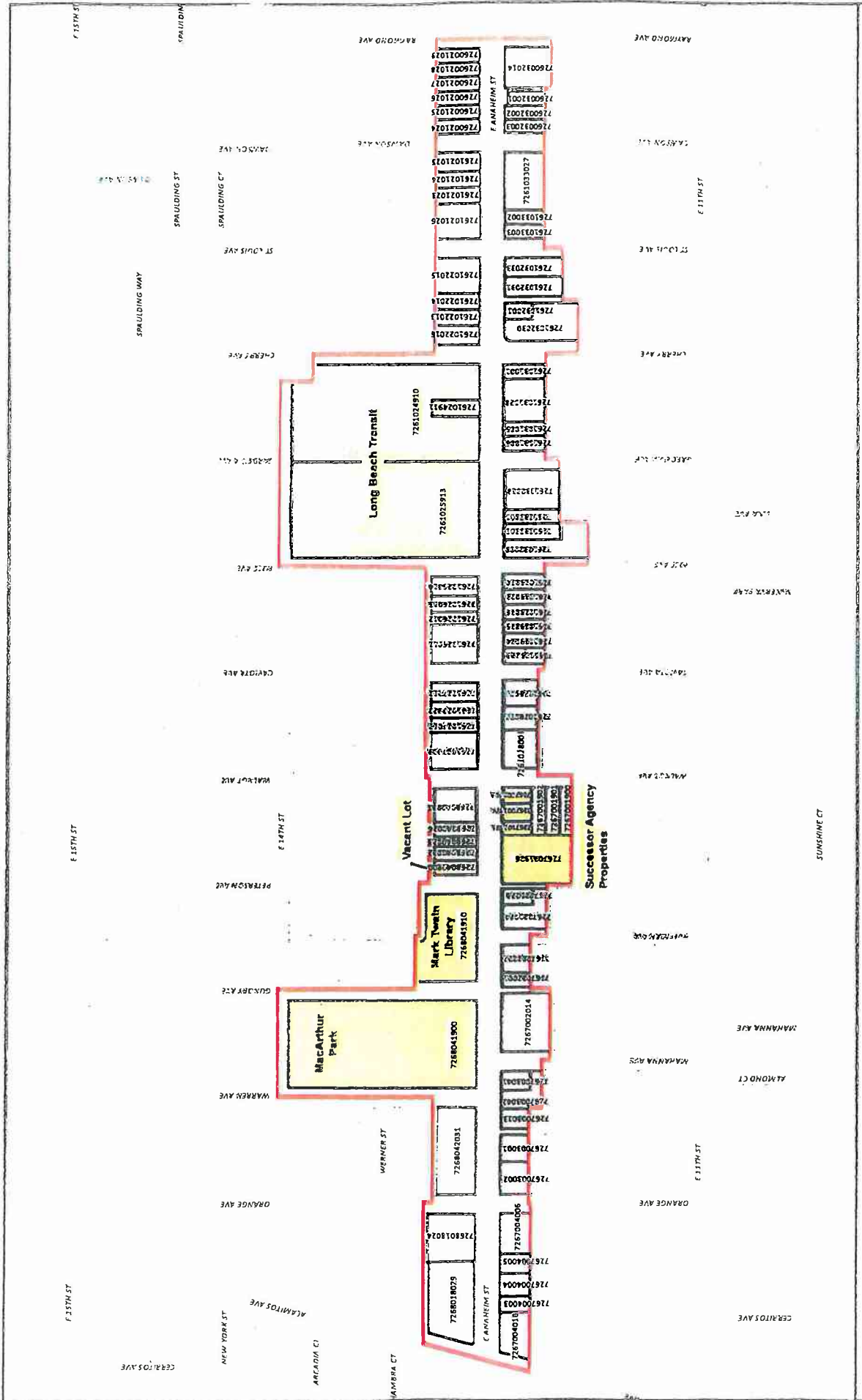
**Duration:** The District will have a 5 year life beginning January 1, 2016 and ending December 31, 2020.

**Governance:** The Owners' Association will review District budgets and policies annually within the limitations of the Management District Plan. Annual and quarterly reports, financial statements and newsletters will be filed with the City of Long Beach (City). The Owners' Association will oversee the day-to-day implementation of services as defined in the Management District Plan.

## **Section 2 Midtown Business Improvement District Boundaries**

The Midtown Business Improvement District includes all property within a boundary formed by: (Also see map on page 6)

Begin at the intersection of Alamitos Avenue and E. Anaheim Street on the north parcel line of parcel 7268018029 on the northeast corner of Alamitos Avenue. Continue east along the northern boundary of parcels facing on the north side of E. Anaheim Street to Raymond Avenue. Turn south along the west parcel line of parcel 7260021029, cross E. Anaheim Street and continue south along the east parcel line of parcel 7260032014 to the south parcel line of parcel 7260032014. Turn west along the south parcel line of parcels facing on the south side of E. Anaheim Street to Walnut Street. At Walnut Street continue along the south parcel line of parcel 7267001800. Continue north along the south parcel line of parcels facing on the west side of E. Anaheim Street to the starting point at the intersection of Alamitos Avenue and E. Anaheim Street.



City of Long Beach, California  
**Proposed Midtown PBID**

Parcel Ownership Data Source: Las ; County Assessor, December 2, 2014



### **District Boundary Rationale**

The property uses within the general boundaries of the Midtown Business Improvement District are a mix of retail, office, civic, transit, and religious. Services and improvements provided by the District are designed to provide special benefits to the retail, office, civic, transit, and religious parcels. All of the services provided such as the security work provided by the Safe Team and work provided by the Clean Team are services that are over and above the City's baseline of services and are not provided by the City. These services are not provided outside of the District because of the unique nature of these services focusing on the particular needs of each individually assessed property within the District. These services provide particular and distinct benefits to each of the individually assessed parcels within the District.

In order to ensure that parcels outside of the District will not specially benefit from the improvements and services funded with the assessment, improvements and services will only be provided to individual assessed parcels within the boundaries of the District. Specifically, security patrols, cleaning / sanitation personnel, and similar service providers employed in connection with the District will only patrol and provide services to individually assessed parcels within the District, and will not provide services outside of District boundaries. Nor will District promotional efforts promote activities outside of District boundaries.

Northern Boundary: The northern boundary of the Midtown Business Improvement District was determined by the zoning and use of the parcels north of the District boundaries. The parcels north of the District boundaries are zoned residential and as per State of California Streets and Highways code section 36632.(c) *"are conclusively presumed not to benefit from the improvements and service funded through these assessments..."* In order to ensure that parcels outside of the District will not specially benefit from the unique improvements and services funded with the assessment, improvements and services will only be provided to assessed parcels within the boundaries of the District.

Eastern Boundary: The eastern boundary of the Midtown Business Improvement District was determined by the presence of the East Anaheim Business Improvement District which provides programs similar to the Midtown Business Improvement District. In order to ensure that parcels outside of the District will not specially benefit from the unique improvements and services funded with the assessment, improvements and services will only be provided to assessed parcels within the boundaries of the District. Specifically, security patrols, maintenance personnel, and similar service providers employed in connection with the District will only patrol and provide services to individual assessed parcels within the District, and will not provide services outside of District boundaries.

Southern Boundary: The southern boundary of the Midtown Business Improvement District was determined by the zoning and use of the parcels south of the District boundaries. The parcels south of the District boundaries are zoned residential and as per State of California Streets and Highways code section 36632.(c) *"are conclusively*

*presumed not to benefit from the improvements and service funded through these assessments..."* In order to ensure that parcels outside of the District will not specially benefit from the unique improvements and services funded with the assessment, improvements and services will only be provided to assessed parcels within the boundaries of the District.

Western Boundary: The western boundary of the Midtown Business Improvement District was determined by Alamitos Avenue. Alamitos Avenue is the natural boundary between the Midtown/Cambodia neighborhood and the Central Long Beach neighborhood. Alamitos Avenue is a broad and fast street that acts as a barrier between the two neighborhoods. In order to ensure that parcels outside of the District will not specially benefit from the unique improvements and services funded with the assessment, improvements and services will only be provided to individual assessed parcels within the boundaries of the District. Specifically, security patrols, maintenance personnel, and similar service providers employed in connection with the District will only patrol and provide services to individual assessed parcels within the District, and will not provide services outside of District boundaries.

### Section 3 District Improvement and Activity Plan

#### **Process to Establish the Improvement and Activity Plan**

Through a series of property owner and stakeholder meetings the Midtown District Business Improvement District Steering Committee collectively determined the priority for improvements and activities to be delivered by the business improvement district in order to support increased commerce, business attraction and retention, increased property rental income. The primary needs as determined by the property owners were: clean, safe and beautiful, and marketing/communication. Each of the services provided by the District are designed to meet the needs of the mix of retail, office, civic, transit, and religious uses that make up the District and provide special benefit to each of the assessed parcels. All of the services provided such as the security work provided by the Safe Team and work provided by the Clean Team are services that are over and above the City's baseline of services and are not provided by the City. These services are not provided outside of the District and because of their unique nature focusing on the particular needs of each assessed property within the District provide particular and distinct benefits to each of the individually assessed parcels within the District.

All of the improvements and activities detailed below are provided only to the individually assessed properties defined as being within the boundaries of the District and provide benefits which are particular and distinct to each of the assessed properties within the proposed District. No improvement or activities are provided to properties outside the District boundaries. All assessments outlined in this Management District Plan go only for services directly benefiting each of the individually assessed parcels in this specialized zone. All services will be provided to the individually assessed properties defined as being within the District boundaries and no services will be provided outside the District boundaries. Each of the services: clean, safe, marketing/communication, and management are unique to the District and to each of the Districts assessed properties therefore all benefits provided are particular and distinct to each individually assessed property.

All benefits derived from the assessments outlined in the Management District Plan are for services directly benefiting each individually assessed property within this area and support increased commerce, business attraction and retention, increased property rental income and enhanced overall safety and image within this commercial core. All services: clean, safe, marketing/communication, and management are provided solely to individual assessed properties within the district to enhance individual assessed properties and businesses within the Midtown Business Improvement District boundaries and are designed only for the direct special benefit of the assessed properties in the District to enhance the image and viability of assessed parcels and businesses within the Midtown Business Improvement District boundaries and are designed only for the direct special benefit of the individually assessed parcels in the District. No services will be provided to parcels outside the District boundaries. (For a further definition of special benefits see Engineer's Report page 12 "Special Benefit")

The total improvement and activity plan budget for 2016 is \$167,453. Of the total budget, special benefit to parcels within the District totals \$161,501 and is funded by property assessments. General benefit from the District budget is calculated to be \$5,952 and is not funded by assessment revenue from District parcels. The costs of providing each of the budgeted components was developed from actual experience providing these services in other districts with similar size and programs. Actual service hours and frequency may vary in order to match varying District needs over the 5 year life of the District. A detailed operation deployment for 2016 is available from the property owners association. The budget is made up of the following components.

**CLEAN, SAFE, BEAUTIFUL PROGRAMS**

**\$99,833**

**Safe Team Program**

The Safety Program will provide security services for the individual assessed parcels located within the District in the form of patrolling bicycle personnel, and walking patrols. The owners association may also consider the use of security cameras as an additional safety program. The purpose of the Safe Team Program is to prevent, deter and report illegal activities. The presence of the Safe Team Program is intended to deter such illegal activities as public urination, indecent exposure, trespassing, drinking in public, prostitution, illegal panhandling, illegal vending, and illegal dumping for individually assessed parcels. The Program will supplement, not replace, other ongoing police, security and patrol efforts within the District. The Safe Team Program will maintain communication with the Long Beach Police Department (LBPD) area patrols and intends to report illegal activities to the LBPD. The Safe Team Program will only provide its services to individually assessed properties within the District boundaries. The special benefit to assessed parcels from these services is increased commercial activity which directly relates to increases in lease rates and customer usage.

**Clean and Beautiful Program**

In order to consistently deal with cleaning issues, a Clean and Beautiful Program is provided. A multi-dimensional approach has been developed consisting of the following elements. The clean team will only provide service to assessed properties within District boundaries. The special benefit to individually assessed parcels from these services is increased commercial activity which directly relates to increases in lease rates and customer usage.

**Sidewalk Cleaning:** Uniformed, radio equipped personnel sweep litter, debris and refuse from sidewalks and gutters of the District. District personnel will pressure wash the sidewalks. Clean sidewalks support an increase in commerce and provides a special benefit to each individually assessed parcel in the district.

**Graffiti Removal:** District personnel remove graffiti by painting, using solvent and pressure washing. The District maintains a zero tolerance graffiti policy. An effort

is made to remove all tags within 24 hours on weekdays.

**Landscape Maintenance:** Landscape maintenance is an important program that works to attract increased customers to the District. Landscape maintenance includes maintaining tree wells and weed abatement. A well landscaped district supports an increase in commerce and provides a special benefit to each individually assessed parcel in the district.

### **MARKETING/COMMUNICATION**

**\$28,720**

It is important to not only provide the services needed in the District, but to tell the story of improvement in the District. The special benefit to District parcels from the programs below is an increased awareness of the businesses within the district and their individual offerings which attracts new customers to the District businesses and provides an increase in commercial activity which directly relates to increases in lease rates and enhanced commerce. Some of the communication/image programs being considered are:

- Web Site
- Banners
- Social Media
- Business Directory
- Business Retention
- Business Recruitment
- Events
- Customer Recruitment

### **MANAGEMENT**

**\$38,900**

The improvements and activities are managed by a professional staff that requires centralized administrative support. Management staff oversees the District's services and actively works on behalf of the District parcels to insure that City and County services and policies support the District. Included in this item are management labor, office expense and organizational expenses such as insurance and the cost to conduct a yearly financial review. A well-managed District provides necessary BID program oversight and guidance that produces higher quality and more efficient programs.

Management staff expenses are allocated according to generally accepted accounting job costing procedures and are allocated to the specific areas in which staff works. The special benefit to assessed parcels from these services is an effective and efficient delivery of District services because of management staff oversight, an increased transparency of District programs and financial transactions which will be available to parcel owners in the newsletter and on the web site, an increased likelihood of improved lease rates and tenant occupancy because of an increase in commercial activity, and an increase in customers in part due to the work of the management staff as stated above.

### **FIVE YEAR OPERATING BUDGET**

A projected five-year operating budget for the Midtown Business Improvement District is provided below. The projections are based upon the following assumptions.

Assessments will be subject to annual increases not to exceed 4% per year. The cost of providing programs and services may vary depending on the market cost for those programs and services. Expenditures may require adjustment up or down to continue the intended level of programs and services. Increases will be determined by the District Owners Association and will vary between 0 and 4% in any given year.

The owners association shall have the right to reallocate up to 10% of the budget allocation by line item within the budgeted categories. Any change will be approved by the owner's association board of directors and Pursuant to Section 36650 of the California Streets and Highways Code. The overall budget shall remain consistent with this Management District Plan. Each assessed parcel pays for 100% of the special benefit received based on the level of benefit received. The projections below illustrate a maximum 4% annual increase for all budget items.

#### **Five Year Budget Projections \***

<b>Budget Distribution</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Clean, Safe, Beautiful</b>	\$99,833	\$103,826	\$107,979	\$112,299	\$116,790
<b>Communication</b>	\$28,720	\$29,869	\$31,064	\$32,306	\$33,598
<b>Management</b>	\$38,900	\$40,456	\$42,074	\$43,757	\$45,507
<b>Total Budget</b>	\$167,453	\$174,151	\$181,117	\$188,362	\$195,896

**\*Assumes 4% yearly increase on all budget items funded by the Midtown Business Improvement District. Note: Any accrued interest or delinquent payments will be expended in the above categories.**



**Section 4**  
**Assessment Methodology**

In order to ascertain the correct assessment methodology to equitably apply special benefits to each assessed parcel for property related services as proposed to be provided by the Midtown Business Improvement District, benefit will be measured by square feet of parcel size and square feet of building size. Special circumstances such as a parcel's location within the District area and need and/or frequency for services are carefully reviewed relative to the specific and distinct type of programs and improvements to be provided by the District in order to determine the appropriate levels of assessment. For a definition of special benefits see the Engineer's Report page 13.

The methodology to levy assessments upon real property that receives special benefits from the improvements and activities of the Midtown Business Improvement District are Parcel Square Footage and Building Square Footage as the two assessment variables. Parcel square footage is relevant to the best use of a property and will reflect the long term special benefit implications of the improvement district. Building square footage is relevant to the interim use of a property and is utilized to measure short and mid-term special benefit.

Services and improvements provided by the District are designed to provide special benefits to the retail, office, civic, transit, and religious parcels. The use of each parcel's lot square footage and building square footage is the best measure of benefit for the programs because the intent of the District programs is to improve the safety of each individual parcel, to increase building occupancy and lease rates, to encourage new business development and attract ancillary businesses and services for parcels within the District, in other words to attract more customers, clients and or employees. The best way to determine each parcels proportionate special benefit from the District programs is to relate each parcel's lot square footage and building square footage to every other parcel's lot square footage and building square footage.

**Building Square Footage Defined.** Building square footage is defined as gross building square footage as determined by the outside measurements of a building.

**Parcel Square Footage Defined.** Parcel square footage is defined as the total amount of area within the borders of the parcel. The borders of a parcel are defined on the County Assessor parcel maps.

**Assessable Square Footage Defined.** Assessable square footage is defined as the total of the parcel square footage and building square footage for each parcel.

**Calculation of Assessments**

The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of an improvement or the cleaning and operation expenses of an improvement or for the cost of the property service being provided. Due to the proportionate special benefits received by these parcels from the

District services, these parcels will be assessed a rate which is proportionate to the amount of special benefits received. Only special benefits are assessable and these benefits must be separated from any general benefits. The Engineer's report has calculated that 3.55% of the programs provided by the District provide general benefit. Assessment revenue cannot be used to pay for general benefits. (See page 12 of the Engineer's Report for discussion of general and special benefits)

The preceding methodology is applied to a database of properties receiving special benefit that has been constructed by District Property Owners and its consultant team. The process for compiling the property database includes the following steps:

- Property data was first obtained from the City of Long Beach and the County of Los Angeles Assessor's Office.
- A list of properties to be included within the District is provided in Section 7.

#### **Total Assessable Footage within the District**

	<b>Total District</b>
<b>Lot/Parcel Sq Ft</b>	<b>1,366,702</b>
<b>Building Sq Ft.</b>	<b>565,135</b>
<b>Assessable Sq. Ft. (Lot + Building)</b>	<b>1,931,837</b>

#### **Budget Distribution**

	<b>2016</b>
<b>Clean, Safe, Beautiful</b>	<b>\$99,833</b>
<b>Communication</b>	<b>\$28,720</b>
<b>Management</b>	<b>\$38,900</b>
<b>Total Budget</b>	<b>\$167,453</b>
<b>Less General Benefit</b>	<b>\$5,952</b>
<b>Total Assessment Budget</b>	<b>\$161,501</b>

#### **Assessments**

Based on the special benefit factors, assessable footages for each variable plus the proposed budget, all of which are discussed above, the following table illustrates the first year's maximum annual assessment per parcel assessable square foot.

	<b>2016</b>
<b>Assessable Sq Ft Rate (Lot + Building)</b>	<b>\$0.0836</b>

**Assessment Rate Calculation**

The assessment rate is determined by the following calculation:  
Assessment Budget \$161,501 / 1,931,837 Assessable Sq Ft = \$0.0836 per assessable square foot.

**Sample Parcel Assessment**

To calculate the assessment for a parcel with a 5,000 square foot of lot and 2,000 square foot building, add together the lot square footage and the building square footage to get the assessable square footage, then multiply the assessable square footage (7,000) by the assessment rate (\$0.0836) = the total annual parcel assessment (\$).

Lot Sq Ft (5,000) + Building Sq Ft (2,000) = Assessable Sq Ft (7,000)  
Assessable Sq Ft (7,000) x Assessment Rate (\$0.0836) = \$585.20 Initial annual parcel assessment

The assessment calculation formula is the same for every parcel in the District.

**Maximum Annual Assessment Adjustments**

The cost of providing programs and services may vary depending on the market cost for those programs and services. Expenditures may require adjustment up or down to continue the intended level of programs and services. Assessments may be subject to annual increases not to exceed the assessment rates in the table below for any given year. Increases will be determined by the District Owner's Association and will vary between 0 and 4% in any given year. Any change will be approved by the owner's association board of directors. Pursuant to Section 36650 of the California Streets and Highways Code.

The projections below illustrate a maximum 4% annual increase for all assessment rates.

**Maximum Assessment Table**

	2016	2017	2018	2019	2020
Assessable Sq Ft Rate (Lot + Building)	\$0.0836	\$0.0869	\$0.0904	\$0.0949	\$0.0987

**Budget Adjustments**

Any annual budget surplus will be included into the following year's District budget. The budget will be set accordingly, within the constraints of the management plan to adjust for surpluses that are carried forward. District funds may be used to fund the cost of renewing the District. Funds from an expired District shall be rolled over into the new District if one is established, or returned to the property owners if one is not established, in accordance with the Streets and Highways Code section 36671.

If an error is discovered on a parcel's assessed footages, the District may investigate and correct the assessed footages after confirming the correction with the L.A. County

Assessor Data and City of Long Beach. The correction may result in an increase or decrease to the parcels assessment.

#### **Future Development**

As a result of continued development, the District may experience the addition or subtraction of assessable footage for parcels included and assessed within the District boundaries. The modification of parcel improvements assessed within the District may then change upwards or downwards the amount of total footage assessment for these parcels, pursuant to Government Code 53750, will be prorated to the date they receive the temporary and/or permanent certificate of occupancy.

In future years, the assessments for the special benefits bestowed upon the included BID parcels may change in accordance with the assessment methodology formula listed in the Management District Plan and Engineer's Report provided the assessment rate does not change. If the assessment formula changes and increases assessments then a Proposition 218 ballot will be required for approval of the formula changes.

#### **Time and Manner for Collecting Assessments**

As provided by State law, the District assessment will appear as a separate line item on annual property tax bills prepared by the County of Los Angeles. The City of Long Beach may direct bill the first years assessment for all property owners and will direct bill any property owners whose special assessment does not appear on the tax rolls.

The assessments shall be collected at the same time and in the same manner as for the ad valorem property tax paid to the County of Los Angeles. These assessments shall provide for the same lien priority and penalties for delinquent payment as is provided for the ad valorem property tax.

However, assessments may be billed directly by the City for the first fiscal year of operation and then by the County for all subsequent years. Any delinquent assessments owed for the first year will be added to the County property tax roll for the following year as delinquent. These assessments shall provide for the same lien priority and penalties for delinquent payment as is provided for the ad valorem property tax.

The "property owner" means any person shown as the owner/taxpayer on the last equalized assessment roll or otherwise known to be the owner/taxpayer by the City.

#### **Disestablishment**

California State Law Section 36670 provides for the disestablishment of a District. Upon the termination of this District any remaining revenues shall be transferred to the renewed District, if one is established, pursuant to Streets and Highways Code Section 36660 (b). Unexpended funds will be returned to property owners based upon each parcels percentage contribution to the total year 2016 assessments if the District is not renewed.

#### **Bond Issuance**

The District will not issue Bonds.

### Public Property Assessments

The Midtown Business Improvement District will provide all the improvements and activities to the City of Long Beach or any other government-owned parcels within the PBID boundary. All publicly-owned parcels will pay their proportional share of costs based on the special benefits conferred to those individual parcels. The special benefit to government assessed parcels from these services is an increase in District customers that follow from having a cleaner and safer area. Public owned parcels will receive special benefit in the form of increased use of the public facilities which directly relates to fulfilling their public service mission. Article XIII D of the California Constitution was added in November of 1996 to provide for these assessments. It specifically states in Section 4(a) that "Parcels within a district that are owned or used by any agency...shall not be exempt from assessment unless the agency can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit." Below is a list of the publicly-owned parcels and their respective assessments.

APN	Owner Names	Situs Address	Bldg	Lot	Assessable Sq Ft (Bldg+Lot)	Assessment	%
7267-001-900	Long Beach City	1205 Walnut Ave	0	6759	6759	\$565.05	0.35%
7267-001-901	Long Beach City	1207 Walnut Ave	0	6758	6758	\$564.97	0.35%
7267-001-902	Long Beach City	1209 Walnut Ave	0	6607	6607	\$552.34	0.34%
7268-041-910	Long Beach City	1324 Gundry Ave	8385	47054	55439	\$4,634.68	2.87%
7267-001-906	Long Beach City	1500 E Anaheim St	0	33602	33602	\$2,809.12	1.74%
7268-040-900	Long Beach City	1501 E Anaheim St	6000	6082	12082	\$1,010.05	0.63%
7267-001-905	Long Beach City	1530 E Anaheim St	0	4058	4058	\$339.25	0.21%
7267-001-904	Long Beach City	1540 E Anaheim St	0	4954	4954	\$414.15	0.26%
7267-001-903	Long Beach City	1546 E Anaheim St	0	4502	4502	\$376.37	0.23%
7261-024-911	Long Beach City	1915 E Anaheim St	9558	7621	17179	\$1,436.16	0.89%
7261-024-910	Long Beach City	1963 E Anaheim St	116126	166900	283026	\$23,660.89	14.65%
7261-025-913	Long Beach City		0	177652	177652	\$14,851.65	9.20%
7268-041-900	Long Beach City		14382	158944	173326	\$14,490.00	8.97%
	<b>Long Beach City Total</b>					<b>\$65,704.69</b>	<b>40.68%</b>

**Section 5**  
**District Rules and Regulations**

Pursuant to the Property and Business Improvement law of 1994, as amended, a business improvement district may establish rules and regulations that uniquely apply to the District. The District has adopted the following rules:

- **Competitive Procurement Process**  
The Owner's Association shall develop a policy for competitive bidding when purchasing substantial amounts of services, products and/or equipment. The policy will aim to maximize service, quality, efficiency and cost effectiveness.
  
- **Treatment of Residential Housing**  
In accordance with Section 36632 (c) of the California Streets and Highways Code, properties zoned solely for residential or agricultural use are conclusively presumed not to receive special benefit from the improvements and service funded through the assessments of the District and are not subject to any assessment pursuant to Section 36632 (c). Therefore, properties zoned solely for residential or agricultural use within the boundaries of the District, if any, will not be assessed.
  
- **Renewal**  
District funds may be used for renewing the District. District rollover funds may be spent on renewal.

**Section 6**  
**Implementation Timetable**

The Midtown Business Improvement District is expected to be established and begin implementation of the Management District Plan on January 1, 2016. Consistent with State Law the Midtown Business Improvement District will have a five-year life through December 31, 2020.

Section 7  
Parcel Roll

APN	Owner Names	Situs Address	Bldg	Lot	Assessable Sq Ft (Bldg+Lot)	Assessment	%
7267-001-900	Long Beach City	1205 Walnut Ave	0	6759	6759	\$565.05	0.35%
7267-001-901	Long Beach City	1207 Walnut Ave	0	6758	6758	\$564.97	0.35%
7267-001-902	Long Beach City	1209 Walnut Ave	0	6607	6607	\$552.34	0.34%
7268-041-910	Long Beach City	1324 Gundry Ave	8385	47054	55439	\$4,634.68	2.87%
7267-001-906	Long Beach City	1500 E Anaheim St	0	33602	33602	\$2,809.12	1.74%
7268-040-900	Long Beach City	1501 E Anaheim St	6000	6082	12082	\$1,010.05	0.63%
7267-001-905	Long Beach City	1530 E Anaheim St	0	4058	4058	\$339.25	0.21%
7267-001-904	Long Beach City	1540 E Anaheim St	0	4954	4954	\$414.15	0.26%
7267-001-903	Long Beach City	1546 E Anaheim St	0	4502	4502	\$376.37	0.23%
7261-024-911	Long Beach City	1915 E Anaheim St	9558	7621	17179	\$1,436.16	0.89%
7261-024-910	Long Beach City	1963 E Anaheim St	116126	166900	283026	\$23,660.89	14.65%
7261-025-913	Long Beach City		0	177652	177652	\$14,851.65	9.20%
7268-041-900	Long Beach City		14382	158944	173326	\$14,490.00	8.97%
	Long Beach City Total					\$65,704.69	40.68%

APN	Situs Address	Bldg	Lot	Assessable Sq Ft (Bldg+Lot)	Assessment	%
7260-021-024	2201 E Anaheim St	5685	6009	11694	\$977.61	0.61%
7260-021-025	2211 E Anaheim St	2394	6052	8446	\$706.08	0.44%
7260-021-026	2215 E Anaheim St	0	6026	6026	\$503.77	0.31%
7260-021-027	2219 E Anaheim St	0	6054	6054	\$506.11	0.31%
7260-021-028	2235 E Anaheim St	0	6029	6029	\$504.02	0.31%
7260-021-029	2295 E Anaheim St	6300	6017	12317	\$1,029.70	0.64%
7260-030-001	2400 E Anaheim St	5160	6006	11166	\$933.47	0.58%
7260-032-001	2218 E Anaheim St	2360	5450	7810	\$652.91	0.40%
7260-032-002	2212 E Anaheim St	2210	5554	7764	\$649.07	0.40%
7260-032-003	2200 E Anaheim St	1881	5511	7392	\$617.97	0.38%
7260-032-014	2222 E Anaheim St	14274	19454	33728	\$2,819.65	1.75%
7261-021-023	2123 E Anaheim St	3099	6762	9861	\$824.38	0.51%
7261-021-024	2135 E Anaheim St	894	6756	7650	\$639.54	0.40%
7261-021-025	2153 E Anaheim St	1300	8171	9471	\$791.77	0.49%
7261-021-026	2101 E Anaheim St	1492	14938	16430	\$1,373.54	0.85%
7261-022-013	2015 E Anaheim St	6750	6750	13500	\$1,128.60	0.70%
7261-022-014	2021 E Anaheim St	5500	6698	12198	\$1,019.75	0.63%
7261-022-015	2041 E Anaheim St	9329	14860	24189	\$2,022.19	1.25%
7261-022-016	2001 E Anaheim St	77	8076	8153	\$681.59	0.42%

7261-026-011	1701 E Anaheim St	23561	18021	41582	\$3,476.24	2.15%
7261-026-012	1731 E Anaheim St	1520	6004	7524	\$629.00	0.39%
7261-026-013	1733 E Anaheim St	2232	7520	9752	\$815.26	0.50%
7261-026-014	1735 E Anaheim St	1900	9018	10918	\$912.74	0.57%
7261-027-009	1601 E Anaheim St	5964	17271	23235	\$1,942.44	1.20%
7261-027-010	1617 E Anaheim St	5625	6754	12379	\$1,034.88	0.64%
7261-027-012	1635 E Anaheim St	2832	9019	11851	\$990.74	0.61%
7261-027-020	1627 E Anaheim St	5000	7520	12520	\$1,046.67	0.65%
7261-028-001	1295 Gaviota Ave	8000	8823	16823	\$1,406.40	0.87%
7261-028-002	1618 E Anaheim St	6750	8250	15000	\$1,254.00	0.78%
7261-028-003	1600 E Anaheim St	3312	13202	16514	\$1,380.57	0.85%
7261-029-003	1734 E Anaheim St	6118	6167	12285	\$1,027.02	0.64%
7261-029-004	1750 E Anaheim St	1120	6070	7190	\$601.08	0.37%
7261-029-023	1709 E Anaheim St	5989	6499	12488	\$1,043.99	0.65%
7261-029-024	1710 E Anaheim St	5850	5844	11694	\$977.61	0.61%
7261-029-025	1720 E Anaheim St	5632	5592	11224	\$938.32	0.58%
7261-029-026	1730 E Anaheim St	4554	6179	10733	\$897.28	0.56%
7261-030-009	1800 E Anaheim St	17840	19800	37640	\$3,146.69	1.95%
7261-030-010	1810 E Anaheim St	5050	9041	14091	\$1,178.00	0.73%
7261-030-011	1818 E Anaheim St	2100	8289	10389	\$868.52	0.54%
7261-030-028	1842 E Anaheim St	6702	21441	28143	\$2,352.75	1.46%
7261-031-005	1908 E Anaheim St	4120	5833	9953	\$832.07	0.52%
7261-031-006	1900 E Anaheim St	5400	6067	11467	\$958.64	0.59%
7261-031-028	1934 E Anaheim St	6690	17444	24134	\$2,017.60	1.25%
7261-032-001	2016 E Anaheim St	2500	4380	6880	\$575.17	0.36%
7261-032-030	2000 E Anaheim St	9307	23583	32890	\$2,749.59	1.70%
7261-032-031		0	11575	11575	\$967.67	0.60%
7261-032-033	2040 E Anaheim St	5503	10950	16453	\$1,375.47	0.85%
7261-033-002	2120 E Anaheim St	1932	5853	7785	\$650.82	0.40%
7261-033-003	2100 E Anaheim St	3900	5851	9751	\$815.18	0.50%
7261-033-027	2130 E Anaheim St	8615	23397	32012	\$2,676.19	1.66%
7267-001-023	1436 E Anaheim St	7228	4754	11982	\$1,001.69	0.62%
7267-001-024	1430 E Anaheim St	46228	13407	59635	\$4,985.47	3.09%
7267-002-001	1404 E Anaheim St	696	4277	4973	\$415.74	0.26%
7267-002-002	1420 E Anaheim St	3020	8106	11126	\$930.13	0.58%
7267-002-014	1360 E Anaheim St	21494	28729	50223	\$4,198.63	2.60%
7267-003-001	1214 E Anaheim St	8000	7684	15684	\$1,311.18	0.81%
7267-003-002	1200 E Anaheim St	9800	9289	19089	\$1,595.83	0.99%
7267-003-013	1230 E Anaheim St	5642	5674	11316	\$946.01	0.59%
7267-003-041	1350 E Anaheim St	5520	5306	10826	\$905.05	0.56%
7267-003-042	1340 E Anaheim St	1080	10065	11145	\$931.72	0.58%
7267-004-003	1168 E Anaheim St	2500	5021	7521	\$628.75	0.39%
7267-004-004	1164 E Anaheim St	6860	7026	13886	\$1,160.87	0.72%
7267-004-005	1180 E Anaheim St	0	6002	6002	\$501.77	0.31%
7267-004-006	1190 E Anaheim St	2832	12523	15355	\$1,283.67	0.79%
7267-004-018	1158 E Anaheim St	1498	13698	15196	\$1,270.38	0.79%
7268-018-024	1199 E Anaheim St	780	21996	22776	\$1,904.07	1.18%



7268-018-029	1165 E Anaheim St	9862	35225	45087	\$3,769.26	2.33%
7268-040-022	1511 E Anaheim St	1450	6099	7549	\$631.09	0.39%
7268-040-023	1515 E Anaheim St	616	4082	4698	\$392.75	0.24%
7268-040-024	1525 E Anaheim St	1158	6096	7254	\$606.43	0.38%
7268-040-031	1569 E Anaheim St	4964	13967	18931	\$1,582.63	0.98%
7268-042-031	1223 E Anaheim St	25133	33753	58886	\$4,922.85	3.05%
	<b>Total Non-Govt Assessments</b>				<b>\$95,796.31</b>	<b>59.32%</b>
	<b>Total Govt Assessments</b>				<b>\$65,704.69</b>	<b>40.68%</b>
	<b>Total All Parcels</b>				<b>\$161,501.00</b>	<b>100.00%</b>



ATTACHMENT A

# **Midtown Business Improvement District Long Beach**

**Long Beach, California  
May 2015**

***Prepared by:*  
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*



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## ENGINEER'S STATEMENT

This Report is prepared pursuant to Article XIID of the California State Constitution (Proposition 218) and the State of California Property and Business Improvement District Law of 1994 as amended.

The Midtown Property-Based Business Improvement District (the "PBID") will provide funding for enhanced maintenance, safety, beautification and marketing activities, above and beyond those provided by the City of Long Beach. Every individual assessed parcel within the PBID receives special benefit from the activities identified under Section B of this Report. Only those individual assessed parcels within the PBID receive the special benefit of the proposed activities; parcels contiguous to and outside the PBID and the public at large may receive a general benefit, as outlined in Section E. The cost to provide general benefits, if any, will be funded from sources other than special assessments.

The duration of the proposed PBID is five (5) years, commencing January 1, 2016 and continuing through December 31, 2020.

An estimated budget for the PBID improvements and activities is set forth in Section D. The annual budget may increase no more than 4% per year consistent with the increase in consumer price index (CPI) and increases in program costs. The determination of annual budget adjustments and assessment rates will be subject to the review and approval of the board of the Owners' Association. Funding for the PBID improvements and activities shall be derived from a property-based assessment of each specially benefitted parcel in the PBID. A detailed description of the methodology for determining the proportional special benefit each individual assessable parcel receives from the activities and the assessment for each parcel is set forth in Section F.

I hereby certify to the best of my professional knowledge that each of the identified assessable parcels located within the PBID will receive a special benefit over and above the benefits conferred to those parcels outside of the PBID boundary and to the public at large and that the amount of the proposed special assessment is proportional to, and no greater than the special benefits received.



Respectfully submitted,

Terrance E. Lowell, P.E.

## SECTION A: LEGISLATIVE AND JUDICIAL REVIEW

### **Property and Business Improvement District Law of 1994**

The Property and Business Improvement District Law of 1994 (the "State Law") is the legislation that authorizes the City to levy assessments upon real property for the purposes of providing improvements and activities that specially benefit each individual assessed parcel in the PBID. The purpose of the PBID is to encourage commerce, investment, and business activities. In order to meet these goals PBIDs typically fund activities and improvements, such as, enhanced safety and cleaning. Unlike other assessment districts which fund the construction of public capital improvements or maintenance thereof, PBIDs provide activities and improvements "to promote the economic revitalization and physical maintenance of the business districts of its cities in order to create jobs, attract new businesses, and prevent the erosion of the business districts." (Streets and Highways Code Section 36601(b)). The improvements and activities funded through the PBID are over and above those already provided by the City within the PBID's boundaries. Each of the PBID activities or improvements is intended to increase building occupancy and lease rates, to encourage new business development, attract businesses that serve the community, and improve the quality of life.

Specifically, the State Law defines "Improvements" and "Activities" as follows:

*"Improvement" means the acquisition, construction, installation, or maintenance of any tangible property with an estimated useful life of five years..."<sup>1</sup>*

*"Activities" means, but is not limited to, all of the following:*

- (a) Promotion of public events which benefit businesses or real property in the district.*
- (b) Furnishing of music in any public place within the district.*
- (c) Promotion of tourism within the district.*
- (d) Marketing and economic development, including retail retention and recruitment.*
- (e) Providing safety, sanitation, graffiti removal, street and sidewalk cleaning, and other municipal services supplemental to those normally provided by the municipality.*
- (f) Activities which benefit businesses and real property located in the district.<sup>2</sup>*

### **Article XIID of the State Constitution**

In 1996, California voters approved Proposition 218, codified in part as Article XIID of the State Constitution. Among other requirements, Article XIID changes the way local agencies enact local taxes and levy assessments on real property. It states, in relevant part, that:

*(a) An agency which proposes to levy an assessment shall identify all parcels which will have a special benefit conferred upon them and upon which an assessment will be imposed. The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of a public improvement, the maintenance and operation expenses of a public improvement, or the cost of the property related service being provided. No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel. Only special benefits are assessable, and an agency shall separate the general benefits*

<sup>1</sup> California Streets and Highways Code, Section 36610.

<sup>2</sup> California Streets and Highways Code, Section 36613.

*from the special benefits conferred on a parcel. Parcels within a district that are owned or used by any agency, the State of California or the United States shall not be exempt from assessment unless the agency can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit.*

*(b) All assessments shall be supported by a detailed engineer's report prepared by a registered professional engineer certified by the State of California.<sup>3</sup>*

*"Special benefit" means a particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public at large. General enhancement of property value does not constitute "special benefit."<sup>4</sup>*

### **Judicial Guidance**

Since the enactment of Article XIID, the courts have rendered opinions regarding various aspects of Article XIID. The notable portions of cases that apply to assessment districts in general and this PBID in particular are noted below.

*"The engineer's report describes the services to be provided by the PBID [i.e. the PBID]; (1) security, (2) streetscape maintenance (e.g., street sweeping, gutter cleaning, graffiti removal), and (3) marketing, promotion, and special events. They are all services over and above those already provided by the City within the boundaries of the PBID. And they are particular and distinct benefits to be provided only to the properties within the PBID, not to the public at large—they 'affect the assessed property in a way that is particular and distinct from [their] effect on other parcels and that real property in general and the public at large do not share."<sup>5</sup>*

*"...separating the general from the special benefits of a public improvement project and estimating the quantity of each in relation to the other is essential if an assessment is to be limited to the special benefits."<sup>6</sup>*

*"...the agency must determine or approximate the percentage of the total benefit conferred by the service or improvement that will be enjoyed by the general public and deduct that percentage of the total cost of the service or improvement from the special assessment levied against the specially benefitted property owners."<sup>7</sup>*

*"...even minimal general benefits must be separated from special benefits and quantified so that the percentage of the cost of services and improvements representing general benefits, however slight, can be deducted from the amount of the cost assessed against specially benefitting properties."<sup>8</sup>*

The contents of this Engineer's Report are prepared in compliance with the above noted authorizing legislation, the State Constitution and the judicial opinions.

<sup>3</sup> Section 4, Article XIID of the State Constitution.

<sup>4</sup> Section 2 (l), Article XIID of the State Constitution.

<sup>5</sup> Dahms v. Downtown Pomona Property and Business Improvement District (2009) 174 Cal.App. 4th 708, 722.

<sup>6</sup> Beutz v. County of Riverside (2010) 184 Cal. App. 4th 1516, 1532.

<sup>7</sup> Golden Hill Neighborhood Association, Inc. v. City of San Diego (2011) 199 Cal.App. 4th 416, 438.

<sup>8</sup> Golden Hill Neighborhood Association, Inc. v. City of San Diego (2011) 199 Cal.App. 4th 416, 439.



## **SECTION B: IMPROVEMENTS AND ACTIVITIES**

The Midtown PBID Steering Committee collectively determined the priority for improvements and activities to be delivered by the business improvement district. The primary needs as determined by the property owners are both Clean, Safe, Beautiful as well as Marketing activities. Specifically, the PBID shall provide the following activities.

### **CLEAN, SAFE, BEAUTIFUL PROGRAMS**

#### **Safe Team Program**

The Safety Program will provide security services for the individual assessed parcels located within the District in the form of patrolling bicycle personnel, and walking patrols. The owners association may also consider the use of security cameras as an additional safety program. The purpose of the Safe Team Program is to prevent, deter and report illegal activities. The presence of the Safe Team Program is intended to deter such illegal activities as public urination, indecent exposure, trespassing, drinking in public, prostitution, illegal panhandling, illegal vending, and illegal dumping for individually assessed parcels. The Program will supplement, not replace, other ongoing police, security and patrol efforts within the District. The Safe Team Program will maintain communication with the Long Beach Police Department (LBPD) area patrols and intends to report illegal activities to the LBPD. The Safe Team Program will only provide its services to individually assessed properties within the District boundaries. The special benefit to assessed parcels from these services is increased commercial activity which directly relates to increases in lease rates and customer usage.

#### **Clean and Beautiful Program**

In order to consistently deal with cleaning issues, a Clean and Beautiful Program is provided. A multi-dimensional approach has been developed consisting of the following elements. The clean team will only provide service to assessed properties within District boundaries. The special benefit to individually assessed parcels from these services is increased commercial activity which directly relates to increases in lease rates and customer usage.

**Sidewalk Cleaning:** Uniformed, radio equipped personnel sweep litter, debris and refuse from sidewalks and gutters of the District. District personnel will pressure wash the sidewalks. Clean sidewalks support an increase in commerce and provides a special benefit to each individually assessed parcel in the district.

**Graffiti Removal:** District personnel remove graffiti by painting, using solvent and pressure washing. The District maintains a zero tolerance graffiti policy. An effort is made to remove all tags within 24 hours on weekdays.

**Landscape Maintenance:** Landscape maintenance is an important program that works to attract increased customers to the District. Landscape maintenance includes maintaining tree wells and weed abatement. A well landscaped district supports an increase in commerce and provides a special benefit to each individually assessed parcel in the district.

### **MARKETING/COMMUNICATION**

It is important to not only provide the services needed in the District, but to tell the story of improvement in the District. The special benefit to District parcels from the programs below is an increased awareness of the businesses within the district and their individual offerings which attracts new customers to the District businesses and provides an increase in commercial activity which directly relates to increases in lease rates and enhanced commerce. Some of the communication/image programs being considered are:

- Web Site
- Banners
- Social Media
- Business Directory
- Business Retention
- Business Recruitment
- Events
- Customer Recruitment

### **MANAGEMENT**

The improvements and activities are managed by a professional staff that requires centralized administrative support. Management staff oversees the District's services and actively works on behalf of the District parcels to insure that City and County services and policies support the District. Included in this item are management labor, office expense and organizational expenses such as insurance and the cost to conduct a yearly financial review. A well-managed District provides necessary BID program oversight and guidance that produces higher quality and more efficient programs.

Management staff expenses are allocated according to generally accepted accounting job costing procedures and are allocated to the specific areas in which staff works. The special benefit to assessed parcels from these services is an effective and efficient delivery of District services because of management staff oversight, an increased transparency of District programs and financial transactions which will be available to parcel owners in the newsletter and on the web site, an increased likelihood of improved lease rates and tenant occupancy because of an increase in commercial activity, and an increase in customers in part due to the work of the management staff as stated above.

## SECTION C: BENEFITTING PARCELS

### ***PBID Boundary Description***

Begin at the intersection of Alamitos Avenue and E. Anaheim Street on the north parcel line of parcel 7268018029 on the northeast corner of Alamitos Avenue. Continue east along the northern boundary of parcels facing on the north side of E. Anaheim Street to Raymond Avenue. Turn south along the west parcel line of parcel 7260021029, cross E. Anaheim Street and continue south along the east parcel line of parcel 7260032014 to the south parcel line of parcel 7260032014. Turn west along the south parcel line of parcels facing on the south side of E. Anaheim Street to Walnut Street. At Walnut Street continue along the south parcel line of parcel 7267001900. Continue north along the south parcel line of parcels facing on the west side of E. Anaheim Street to the starting point at the intersection of Alamitos Avenue and E. Anaheim Street.

### ***District Boundary Rationale***

The property uses within the general boundaries of the Midtown Business Improvement District are a mix of retail, office, civic, transit, and religious. Services and improvements provided by the District are designed to provide special benefits to the retail, office, civic, transit, and religious parcels. All of the services provided such as the security work provided by the Safe Team and work provided by the Clean Team are services that are over and above the City's baseline of services and are not provided by the City. These services are not provided outside of the District because of the unique nature of these services focusing on the particular needs of each individually assessed property within the District. These services provide particular and distinct benefits to each of the individually assessed parcels within the District.

In order to ensure that parcels outside of the District will not specially benefit from the improvements and services funded with the assessment, improvements and services will only be provided to individual assessed parcels within the boundaries of the District. Specifically, security patrols, cleaning / sanitation personnel, and similar service providers employed in connection with the District will only patrol and provide services to individually assessed parcels within the District, and will not provide services outside of District boundaries. Nor will District promotional efforts promote activities outside of District boundaries.

Northern Boundary: The northern boundary of the Midtown Business Improvement District was determined by the zoning and use of the parcels north of the District boundaries. The parcels north of the District boundaries are zoned residential and as per State of California Streets and Highways code section 36632.(c) "*are conclusively presumed not to benefit from the improvements and service funded through these assessments...*" In order to ensure that parcels outside of the District will not specially benefit from the unique improvements and services funded with the assessment, improvements and services will only be provided to assessed parcels within the boundaries of the District.

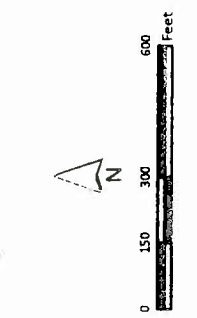
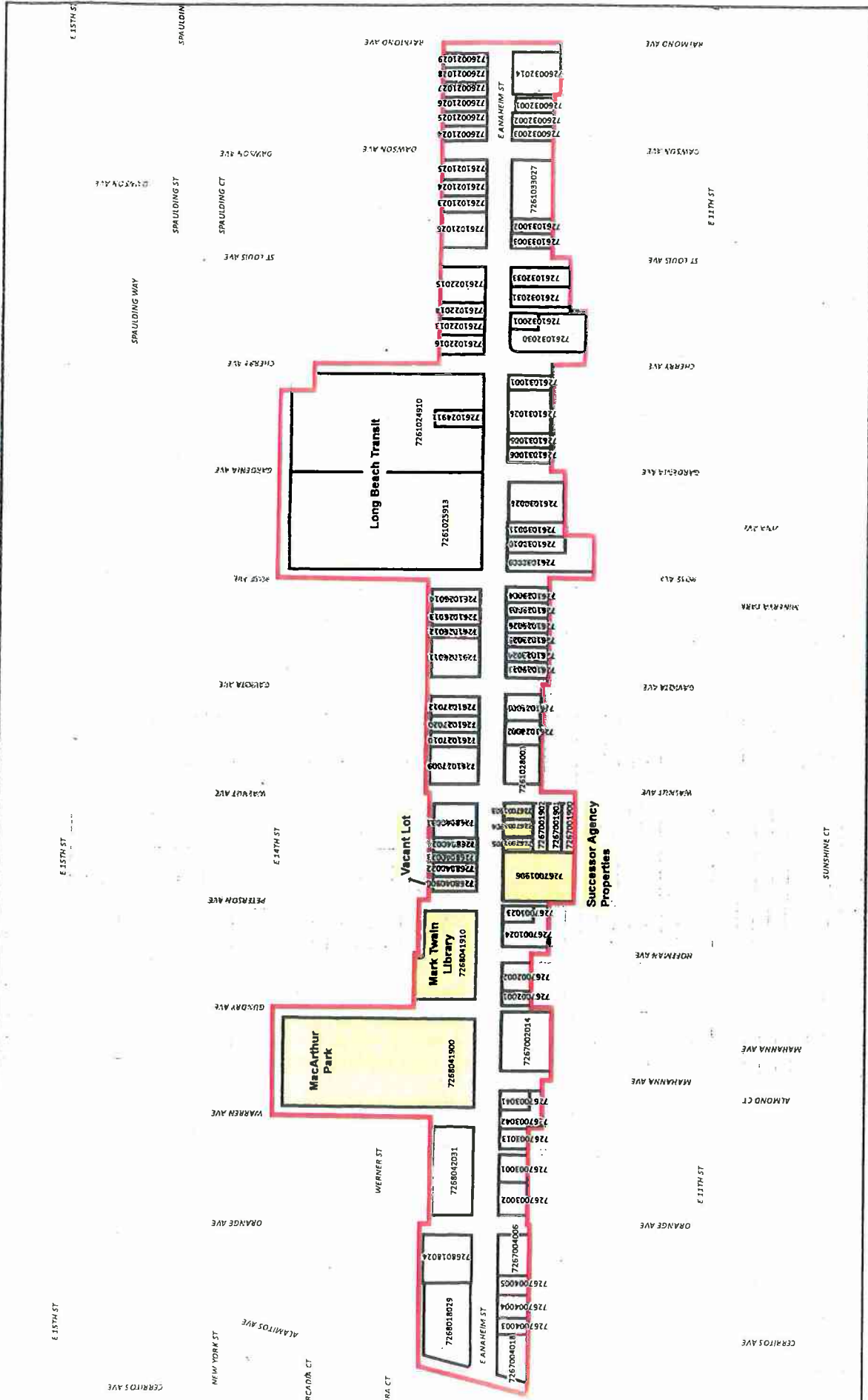
Eastern Boundary: The eastern boundary of the Midtown Business Improvement District was determined by the presence of the East Anaheim Business Improvement District which provides programs similar to the Midtown Business Improvement District. In order to ensure that parcels outside of the District will not specially benefit from the unique improvements and services funded with the assessment, improvements and services will only be provided to assessed parcels within the boundaries of the District. Specifically, security patrols, maintenance personnel, and similar service providers employed in connection with the District will only patrol and provide services to

individual assessed parcels within the District, and will not provide services outside of District boundaries.

Southern Boundary: The southern boundary of the Midtown Business Improvement District was determined by the zoning and use of the parcels south of the District boundaries. The parcels south of the District boundaries are zoned residential and as per State of California Streets and Highways code section 36632.(c) "*are conclusively presumed not to benefit from the improvements and service funded through these assessments...*" In order to ensure that parcels outside of the District will not specially benefit from the unique improvements and services funded with the assessment, improvements and services will only be provided to assessed parcels within the boundaries of the District.

Western Boundary: The western boundary of the Midtown Business Improvement District was determined by Alamitos Avenue. Alamitos Avenue is the natural boundary between the Midtown/Cambodia neighborhood and the Central Long Beach neighborhood. Alamitos Avenue is a broad and fast street that acts as a barrier between the two neighborhoods. In order to ensure that parcels outside of the District will not specially benefit from the unique improvements and services funded with the assessment, improvements and services will only be provided to individual assessed parcels within the boundaries of the District. Specifically, security patrols, maintenance personnel, and similar service providers employed in connection with the District will only patrol and provide services to individual assessed parcels within the District, and will not provide services outside of District boundaries.

A map of the proposed district boundary is shown on the following page.



# City of Long Beach, California Proposed Midtown PBID

Parcel Ownership Data Source: Los Angeles County Assessor, December 2, 2014



## SECTION D: PROPORTIONAL BENEFITS

### **Methodology**

Article XIIB Section 4(a) of the State Constitution states that "The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of the public improvement, the maintenance and operation expenses of a public improvement, or the cost of the property related service being provided."

Determining the proportionate special benefit among the parcels of real property within the proposed assessment district which benefit from the proposed improvements, services, and activities is the result of a four-step process:

1. Defining the proposed activities,
2. Determining which parcels specially benefit from the proposed activities,
3. Determining the amount of special benefit each parcel receives,
4. Determining the proportional special benefit a parcel receives in relation to the amount of special benefit all other parcels in the PBID receive.

Each identified parcel within the PBID will be assessed based upon each parcel's unique characteristics in relationship to all other specially benefitted parcels' characteristics. Due to the proportionate special benefits received by each parcel from the PBID services, each parcel will be assessed a rate which is commensurate with the amount of special benefits received.

### **Special Benefit Factor**

The methodology to levy assessments upon real property that receives special benefits from the improvements and activities of the Midtown Business Improvement District are Parcel Square Footage and Building Square Footage as the two assessment variables. Parcel square footage is relevant to the best use of a property and will reflect the long term special benefit implications of the improvement district. Building square footage is relevant to the interim use of a property and is utilized to measure short and mid-term special benefit.

Services and improvements provided by the District are designed to provide special benefits to the retail, office, civic, transit, and religious parcels. The use of each parcel's lot square footage and building square footage is the best measure of benefit for the programs because the intent of the District programs is to improve the safety of each individual parcel, to increase building occupancy and lease rates, to encourage new business development and attract ancillary businesses and services for parcels within the District, in other words to attract more customers, clients and or employees. The best way to determine each parcels proportionate special benefit from the District programs is to relate each parcel's lot square footage and building square footage to every other parcel's lot square footage and building square footage.

Building Square Footage Defined. Building square footage is defined as gross building square footage as determined by the outside measurements of a building.

Parcel Square Footage Defined. Parcel square footage is defined as the total amount of area within the borders of the parcel. The borders of a parcel are defined on the County Assessor parcel maps.

Assessable Square Footage Defined. Assessable square footage is defined as the total of the parcel square footage and building square footage for each parcel.

## SECTION E: SPECIAL and GENERAL BENEFITS

State Law, Proposition 218, and judicial opinions require that assessments be levied according to the estimated special benefit each assessed parcel receives from the activities and improvements. Article XIID Section 4(a) of the California Constitution in part states that "only special benefits are assessable," which requires that we separate the general benefits, if any, from the special benefits provided by the proposed activities and improvements.

As of January 1, 2015, the State Legislature amended the State Law to clarify and define both special benefit and general benefit as they relate to the improvements and activities these districts provide. Specifically, the amendment (Section 36615.5 of the Streets and Highways Code) defines special benefit as follows: "Special benefit' means, for purposes of a property-based district, a particular and distinct benefit over and above general benefits conferred on real property located in a district or to the public at large. Special benefit includes incidental or collateral effects that arise from the improvements, maintenance, or activities of property-based districts even if those incidental or collateral effects benefit property or persons not assessed."

In addition, the amendment (Section 36609.5 of the Streets and Highways Code) defines general benefit as follows: "General benefit' means, for purposes of a property-based district, any benefit that is not a 'special benefit' as defined in Section 36615.5."

Furthermore, the amendment (Section 36601(h)(2)) states: "Activities undertaken for the purpose of conferring special benefits upon property to be assessed inherently produce incidental or collateral effects that benefit property or persons not assessed. Therefore, for special benefits to exist as a separate and distinct category from general benefits, the incidental or collateral effects of those special benefits are inherently part of those special benefits. The mere fact that special benefits produce incidental or collateral effects that benefit property or persons not assessed does not convert any portion of those special benefits or their incidental or collateral effects into general benefits."

### ***Special Benefit Analysis***

All special benefits derived from the assessments outlined in this Report are for property-related activities that are specifically intended for and 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 to provide a cleaner, safer and more attractive and economically vibrant environment as outlined in Section B. The goal of improving the economic vitality is to improve 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 sidewalks, streets 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, and 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."<sup>9</sup> 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.

In addition, each specially benefitted parcel benefits from: increased security patrol, removing graffiti from their buildings, connecting the homeless to available resources, reducing the number of trips and falls by repairing the grout in the sidewalks in front of their parcel, picking up trash that pedestrians leave behind, and power washing their sidewalks.

#### **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, trash removal, and landscape maintenance. These activities create the environment needed to achieve the PBID goals.

#### **Marketing**

The Marketing activities are tied to and will specially benefit each parcel by encouraging business development and investment that generates customer traffic, which directly relates to increases

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<sup>9</sup> "Accelerating economic growth and vitality through smarter public safety management" IBM Global Business Services Executive Report, September 2012, pg. 2



in commercial activity, 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 conclude 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 are 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.

### **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 rights-of-way (streets, sidewalks) adjacent to all specially benefitted parcels in the PBID. In the case of the Midtown PBID the surrounding parcels are primarily residential parcels that do not have a need to improve commerce. 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 the general benefit analysis to the parcels outside of the PBID boundary, we also quantify the general benefits to the public at large, i.e., 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 from the PBID activities.

To calculate the general benefit the public at large may receive we determine the percentage of each PBID activity budget that may benefit the general public. In this case, the Clean, Safe and Beautiful activities may generally benefit the public as the general public may appreciate the enhanced level of security and cleanliness as it passes through the PBID. The Marketing activities are tailored to benefit the physical characteristics of the parcels, buildings or the tenants of each parcel and are not intended to benefit the general public. If there are any public benefits, they are incidental and collateral to providing special benefits to the assessed parcels.

The table below shows the budget for the Clean, Safe and Beautiful activities and its respective percentage of the total PBID budget. We then apply a Relative Benefit factor to this activity. The relative benefit factor is a basic unit of measure that compares the benefit the general public receives compared to the public that specially benefits (employees, tenants, customers) from each activity. Since the specially benefitted public receives 100% of the activities it is assigned a relative benefit factor of 1.0 for the Clean, Safe and Beautiful activities, and the general public is assigned a relative benefit factor of 0.10. This takes into consideration that this is a relatively small community without significant pedestrian traffic.

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)
Clean, Safe, Beautiful	\$99,833	59.62%	10.00%	5.9619%	\$5,952

This analysis indicates that 5,952% for Clean, Safe and Beautiful activities may be attributed to general benefit to the public at large, equaling a total of \$5,952 that must be raised from sources other than special assessments.

**General Benefit Conclusion**

Using the sum of the two measures of general benefit described above we find that \$5,952 may be general in nature and will be funded from sources other than special assessments.

## SECTION F: COST ESTIMATE

### 2016 Operating Budget

The PBID's operating budget takes into consideration:

1. The improvements and activities needed to provide special benefits to each individual parcel within the PBID boundary (Section B),
2. The parcels that specially benefit from said improvements and activities (Section C), and
3. The costs associated with the special and general benefits conferred (Section E).

<b>EXPENDITURES</b>	<b>BUDGET</b>	<b>% of Budget</b>
Clean, Safe and Beautiful	\$99,833	60%
Marketing and Economic Development	\$28,720	17%
Administration and Office	\$38,900	23%
<b>Total Expenditures</b>	<b>\$167,453</b>	<b>100%</b>
<b>REVENUES</b>		
Assessment Revenues	\$161,501	96.45%
Other Revenues (1)	\$5,952	3.55%
<b>Total Revenues</b>	<b>\$167,453</b>	<b>100.00%</b>

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

### Budget Notations

1. The annual budget may increase no more than 4% per year consistent with the increase in consumer price index (CPI) and increases in program costs. The determination of annual budget adjustments and assessment rates will be subject to the review and approval of the board of Downtown Long Beach Inc. and the City Council.

## SECTION G: APPORTIONMENT METHOD

As previously discussed in Section D, the PBID is allocated to two parcel characteristics; parcel size plus building square footage. The table below summarizes the assessable lot plus building square footage.

Characteristic	Total District
Lot/Parcel Sq Ft	1,366,702
Building Sq Ft.	565,135
<b>Assessable Sq. Ft. (Lot + Building)</b>	<b>1,931,837</b>

### **Calculation of Assessments**

Based on the assessable lot plus building square footage and the proposed budget, all of which are discussed above, the first year's maximum annual assessment rate for each parcel follows:

	Assessment Year 2016
Rate per Assessable Square Foot	\$0.0836

### **Sample Parcel Assessment**

To calculate the assessment for a parcel with a 5,000 square foot of lot and 2,000 square foot building, add together the lot square footage and the building square footage to get the assessable square footage, then multiply the assessable square footage (7,000) by the assessment rate (\$0.836) = the total annual parcel assessment (\$606.90).

Lot Sq Ft (5,000) + Building Sq Ft (2,000) = Assessable Sq Ft (7,000)  
 Assessable Sq Ft (7,000) x Assessment Rate (\$0.0836) = \$585.20 initial annual parcel assessment

The assessment calculation is the same for every parcel in the PBID.

### **Maximum Annual Assessment Adjustments**

The cost of providing programs and services may vary depending on the market cost for those programs and services. Expenditures may require adjustment up or down to continue the intended level of programs and services. Assessments may be subject to annual increases not to exceed the assessment rates in the table below for any given year. Increases will be determined by the District Owner's Association and will vary between 0 and 4% in any given year. Any change will be approved by the owner's association board of directors. Pursuant to Section 36650 of the California Streets and Highways Code.

The projections below illustrate a maximum 4% annual increase for all assessment rates.

### **Maximum Assessment Table**

	2016	2017	2018	2019	2020
Assessable Sq Ft Rate (Lot + Building)	\$0.0836	\$0.0869	\$0.0904	\$0.0940	\$0.0978

### **Budget Adjustment**

Any annual budget surplus will be included into the following year's District budget. The budget will be set accordingly, within the constraints of the management plan to adjust for surpluses that are carried forward. District funds may be used to fund the cost of renewing the District. Funds from an expired District shall be rolled over into the new District if one is established, or returned to the property owners if one is not established, in accordance with the Streets and Highways Code section 36671

If an error is discovered on a parcel's assessed footages, the District may investigate and correct the assessed footages after confirming the correction with the L.A. County Assessor Data and City of Long Beach. The correction may result in an increase or decrease to the parcels assessment.

### ***Future Development***

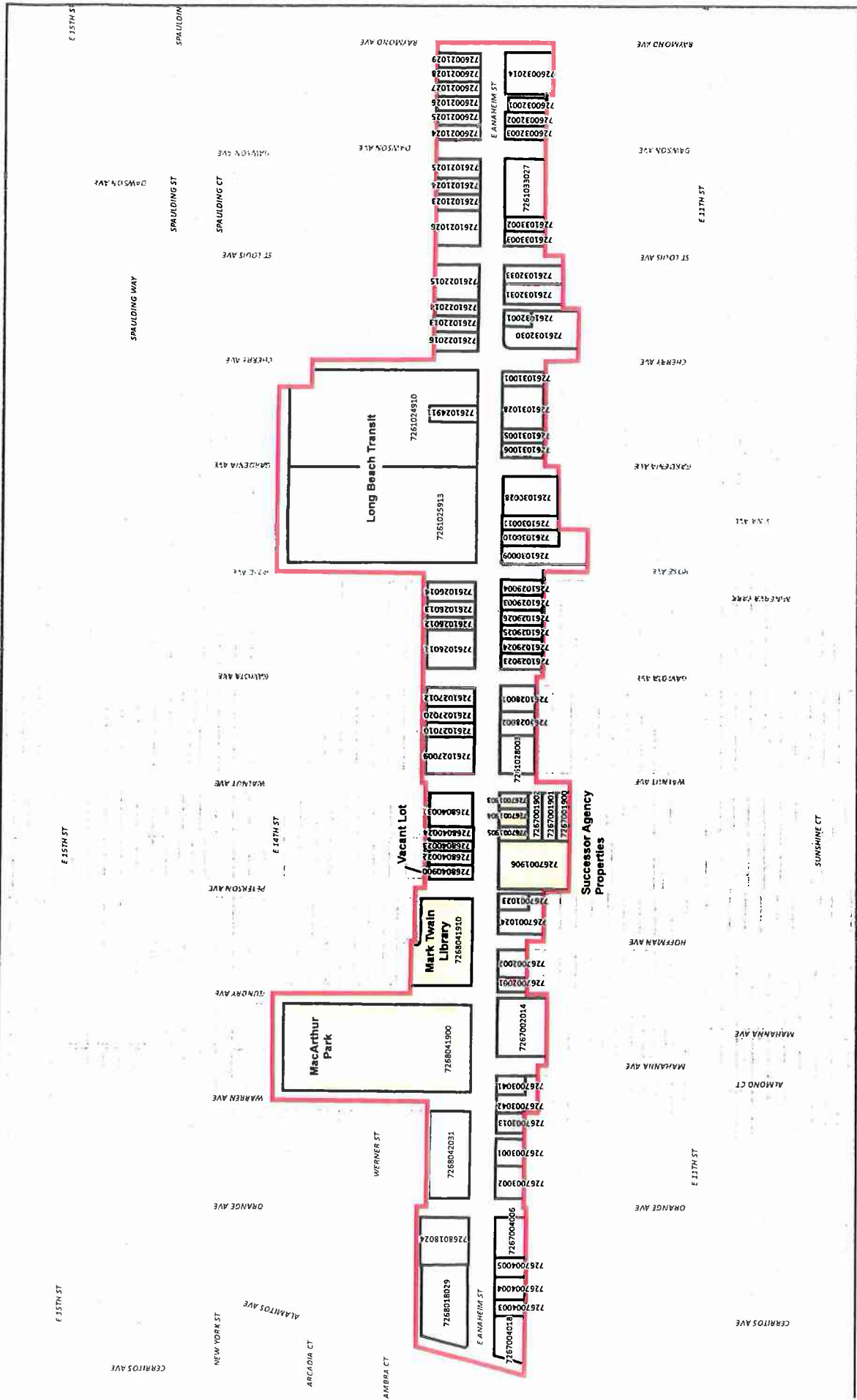
As a result of continued development, the District may experience the addition or subtraction of assessable footage for parcels included and assessed within the District boundaries. The modification of parcel improvements assessed within the District may then change upwards or downwards the amount of total footage assessment for these parcels, pursuant to Government Code 53750, will be prorated to the date they receive the temporary and/or permanent certificate of occupancy.

In future years, the assessments for the special benefits bestowed upon the included BID parcels may change in accordance with the assessment methodology formula listed in the Management District Plan and Engineer's Report provided the assessment rate does not change. If the assessment formula changes and increases assessments then a Proposition 218 ballot will be required for approval of the formula changes.

## **SECTION H: ASSESSMENT ROLL**

The total assessment amount for FY 2015-16 is \$161,501 apportioned to each individual assessed parcel, as follows.

# Midtown Business Improvement District City of Long Beach Owned Parcels Identified



# City of Long Beach, California Proposed Midtown PBID

Parcel Ownership Data Source: Los Angeles County Assessor, December 2, 2014

- Legend**
- Midtown BID Limits
  - City Owned Property
  - Midtown BID Property

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