



May 14, 2013

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt the attached Resolution of Intention re-establish the Magnolia Industrial Group Property and Business Improvement District, set the date of July 9, 2013 for a public hearing, receive petitions, authorize the City Manager to sign in favor and return the City's Ballot, and designate the Administrative Board. (District 1)

DISCUSSION

The State of California Property and Business Improvement District Law of 1994 (Section 33600 et seq. of the California Streets and Highways Code) (Law) 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, including enhanced maintenance, public safety, beautification, marketing and economic development programs. The Magnolia Industrial Group Property and Business Improvement District (MIG-PBID) was initially established by the City Council in 1996. On July 15, 2003, the City Council re-established the District for a term of 10 years. The current MIG-PBID terminates on November 30, 2013, and MIG property owners are now seeking to re-establish the MIG-PBID for an additional 10-year term.

In accordance with the Law, the MIG wishes to re-establish the District and continue the security and clean-up programs for another 10 years. As required by law, an election of property owners to be assessed must be conducted. If a majority of the property owners vote in favor (with each vote proportionally weighted according to the amount of each assessment), then the District shall be re-established. The Office of the City Clerk has on file petitions signed in support of renewal by property owners who will pay more than 50 percent of the total proposed assessment.

The MIG Management District Plan and Engineering Report (attached to the Resolution as Exhibit A) detail the amount and method of assessment, District boundaries, and improvements for which the funds will be used. A registered professional engineer, who is certified by the State of California, has approved the Plan (attached to Resolution as Exhibit B). The Board-approved MIG-PBID rate of assessment is based on the square footage of developed property within the boundaries as shown on the map in Section III of the attached Management District Plan. The Plan allows up to a 4 percent per year cost-of-living increase in the assessment rate.

The total assessment for the newly reformed District is projected to be \$85,890, and the City's anticipated assessment amount in the first year (beginning January 2014) is estimated to be \$1,488 for the Public Service Yard. The assessment amount owed by the City is based upon the special benefit received by City-owned properties and is calculated using the parcel size total of 91,476

HONORABLE MAYOR AND CITY COUNCIL

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square feet. The calculation of the assessment is consistent with the Management District Plan and the methodology detailed in the Engineer's Report.

Adoption of the Resolution will declare the City's intention to begin District formation proceedings and set a public hearing for 5:00 PM on July 9, 2013. In addition, adoption authorizes a vote of the property owners, the results of which will be announced at the July 9, 2013 public hearing, and it appoints the MIG Board as the advisory body for the District's administration.

This matter was reviewed by Assistant City Attorney Charles Parkin on April 24, 2013, and Budget Management Officer Victoria Bell on April 30, 2013.

TIMING CONSIDERATIONS

The current MIG-PBID contract terminates on November 30, 2013. City Council action is requested on May 14, 2013 to allow a timely completion of the balloting process and submittal of the supplemental levy to the Los Angeles County Assessor before August 9, 2013 in order for the new 10-year term and the proposed new assessment to become effective January 2014.

FISCAL IMPACT

Sufficient funds to cover the MIG-PBID contract will be included in the FY 14 budget in the Parking and Business Area Improvement Fund (SR132) in the Department of Public Works (PW). The contract amount will be fully offset by the FY 14 estimated assessment revenue of \$85,890. This revenue includes the City's anticipated assessment of \$1,488 for City-owned parcels, which will be absorbed in the General Fund (GP) budget in the Department of Public Works (PW). Approval of this recommendation will result in a positive local job impact.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



ARA MALOYAN, PE
ACTING DIRECTOR OF PUBLIC WORKS

AM:VSG:jf
MIG PBID Contract Renewal ROI.v5.doc
Attachments: Resolution

APPROVED:



PATRICK H. WEST
CITY MANAGER

1 RESOLUTION NO.

2
3 A RESOLUTION OF INTENTION OF THE CITY
4 COUNCIL OF THE CITY OF LONG BEACH DECLARING
5 THE INTENTION OF THE CITY COUNCIL TO RE-
6 ESTABLISH THE MAGNOLIA INDUSTRIAL GROUP
7 PROPERTY AND BUSINESS IMPROVEMENT DISTRICT,
8 FIXING THE TIME AND PLACE OF A PUBLIC HEARING
9 THEREON AND GIVING NOTICE THEREOF
10

11 WHEREAS, a proposal has been submitted for the creation of a property
12 and business improvement district pursuant to California Streets and Highways Code
13 Section 36600 et seq. by certain property owners located within that area of the City of
14 Long Beach more particularly described in Exhibit "A" to this resolution (the "Magnolia
15 Industrial Group Property and Business Improvement District"); and

16 WHEREAS, the City Council of the City of Long Beach has received a
17 petition, signed and acknowledged, of property owners in the Magnolia Industrial Group
18 Property and Business Improvement District who will pay more than fifty percent of the
19 assessments proposed to be levied in said District, requesting that such district be
20 formed;

21 NOW, THEREFORE, the City Council of the City of Long Beach resolves as
22 follows:

23 Section 1. That the City Council hereby declares its intention to re-
24 establish a property and business improvement district under and pursuant to the
25 Property and Business Improvement District Law of 1994 (California Streets and
26 Highways Code, Section 36600, et seq.)

27 Section 2. The management plan for said District, which is attached as
28 Exhibit "A" hereto, is hereby approved.

OFFICE OF THE CITY ATTORNEY
ROBERT E. SHANNON, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

1 Section 3. Notice is hereby given that a public hearing will be held
2 concerning this matter on July 9, 2013, at the hour of 5:00 p.m., in the Council Chambers
3 of the City Council in the Long Beach City Hall, by the City Council to consider the
4 establishment of the property and business improvement district as herein proposed and
5 described and to hear any and all protests thereto. Any property owner within the
6 proposed and described district or any other interested person having any objection to
7 the establishment of said property and business improvement district or to any other
8 action proposed herein may file a written protest with the City Clerk of said City not later
9 than the hour so fixed for hearing.

10 Section 4. The Department of Public Works is hereby directed to mail
11 notices to the record owners of parcels within the property and business improvement
12 district, which notices shall contain the time and date of the public hearing, the proposed
13 assessment, the total amount thereof charged to the whole district, the amount
14 chargeable to the owner's parcel, the duration of the payments, the reason for the
15 assessment and the basis for the calculation thereof. A ballot shall be included with said
16 notice, which shall permit the parcel owner to indicate his or her name, identification of
17 the parcel and support or opposition to the assessment.

18 Section 5. At the public hearing, the results of the election described in
19 Section 4 above shall be announced.

20 Section 6. The City Council hereby appoints the Magnolia Industrial
21 Group, a California nonprofit corporation, as the advisory board for the District.

22 Section 7. This resolution shall take effect immediately upon its adoption
23 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
ROBERT E. SHANNON, 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 _____, 2013, by the following vote:

Ayes: Councilmembers: _____

Noes: Councilmembers: _____

Absent: Councilmembers: _____

City Clerk

Magnolia Industrial Group Property & Business Improvement District Management Plan

Prepared pursuant to the *State of California, Streets and Highways
Code Property and Business Improvement District Law of 1994* to
form a Property & Business Improvement District in the City of
Long Beach

by the

Magnolia Industrial Group

March 2013

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Appendix 1. Magnolia Industrial Group Property Owners

I. **District Management Plan Overview**

Developed by a coalition of Magnolia Industrial Area property and business owners, the Magnolia Industrial Group (MIG) Property and Business Improvement District (PBID) is a benefit assessment district created to improve the Magnolia area. The purpose of the PBID is to continue to provide supplemental security services to deter crime and provide for refuse removal/clean-up.

The MIG area historically experienced a high level of auto theft, petty theft and burglaries. Since the initial PBID formation in 1996, the security program has continually reduced crime within the PBID. The PBID was originally re-established in 1999 and then again in 2003 due to its success. In order for the PBID to continue to provide services to the property owners in the Magnolia Industrial Area the petition, ballot and appeal process must be repeated now in 2013. The Magnolia Industrial Group PBID through cost effective delivery of services will continue to maintain the improved safety, cleanliness and economic activity in the area.

Location: Approximately 24 blocks in the Magnolia Industrial area of Long Beach generally described as south of Pacific Coast Highway and north of Anaheim Street as further described in the report.

Services: Supplemental security patrol program and additional security services to support police and property owner crime prevention efforts; refuse/clean-up services to remove items such as trash, discarded furniture, and abandoned tires; and an administrative office with a part-time employee to support the PBID and promote a positive image.

Duration: In accordance with state law, the PBID will have a set term. The proposed PBID will have a 10 (ten) year term.

Method of Financing: Assessment of privately owned properties will allow the PBID to continue to provide the services described above. Office costs are offset by private donations by members of the MIG. Based upon benefits received and total property square footage, fiscal year 2013/14 PBID annual assessment fees will range from \$744.06 to \$1,488.12. The possible annual assessment totals for each of the 10 years are depicted below at various CPI increases. The maximum CPI increase is 4% per year.

Fiscal Year	Total Annual Assessment	2% Annual CPI Increase	3% Annual CPI Increase	4% Annual CPI Increase
FY 2013/2014	\$85,890.52			
FY 2014/2015		\$87,608.33	\$88,467.24	\$89,326.14
FY 2015/2016		89,360.50	91,121.25	92,899.19
FY 2016/2017		91,147.71	93,854.89	96,615.15
FY 2017/2018		92,970.66	96,670.54	100,479.76
FY 2018/2019		94,830.07	99,570.65	104,498.95
FY 2019/2020		96,726.68	102,557.77	108,678.91
FY 2020/2021		98,661.21	105,634.51	113,026.06
FY 2021/2022		100,634.43	108,803.54	117,547.11
FY 2022/2023		102,647.12	112,067.65	122,248.99

II. Why a Business Improvement District for the MIG Area?

A. Crime Rate Analysis

The security program has reduced overall crime within the MIGPBID. The Long Beach Police Department crime rates are organized in reporting districts. A reporting district (RD) is a small, geographically designated area that usually consists of a few neighborhood blocks. The MIG encompasses the whole of RD 113 and RD 114 and a portion of RD 104. For purposes of the analysis RD 104 is included in its entirety though most of the geographic area is not within the MIG.

Crime rates with the MIG area in 1996 and then for the 2012 calendar years are depicted in the table below. Also shown in the table are the crime rates reported in the surrounding areas and the City of Long Beach as a whole. Despite rising crime rates in the City overall the MIG remains lower than the year in which it was first formed and lower than the surrounding areas

	Crimes Against Property	Crimes Against Persons	Total
1996 MIG Area	93	18	111
2012 MIG Area	85	15	100
2012 South/East RDs ⁽¹⁾	186	66	252
2012 North/East RDs ⁽²⁾	161	75	236
2012 City of Long Beach	14,230	2,707	16,937

(1) The South/East RDs are comprised of RD 101,103 &112.

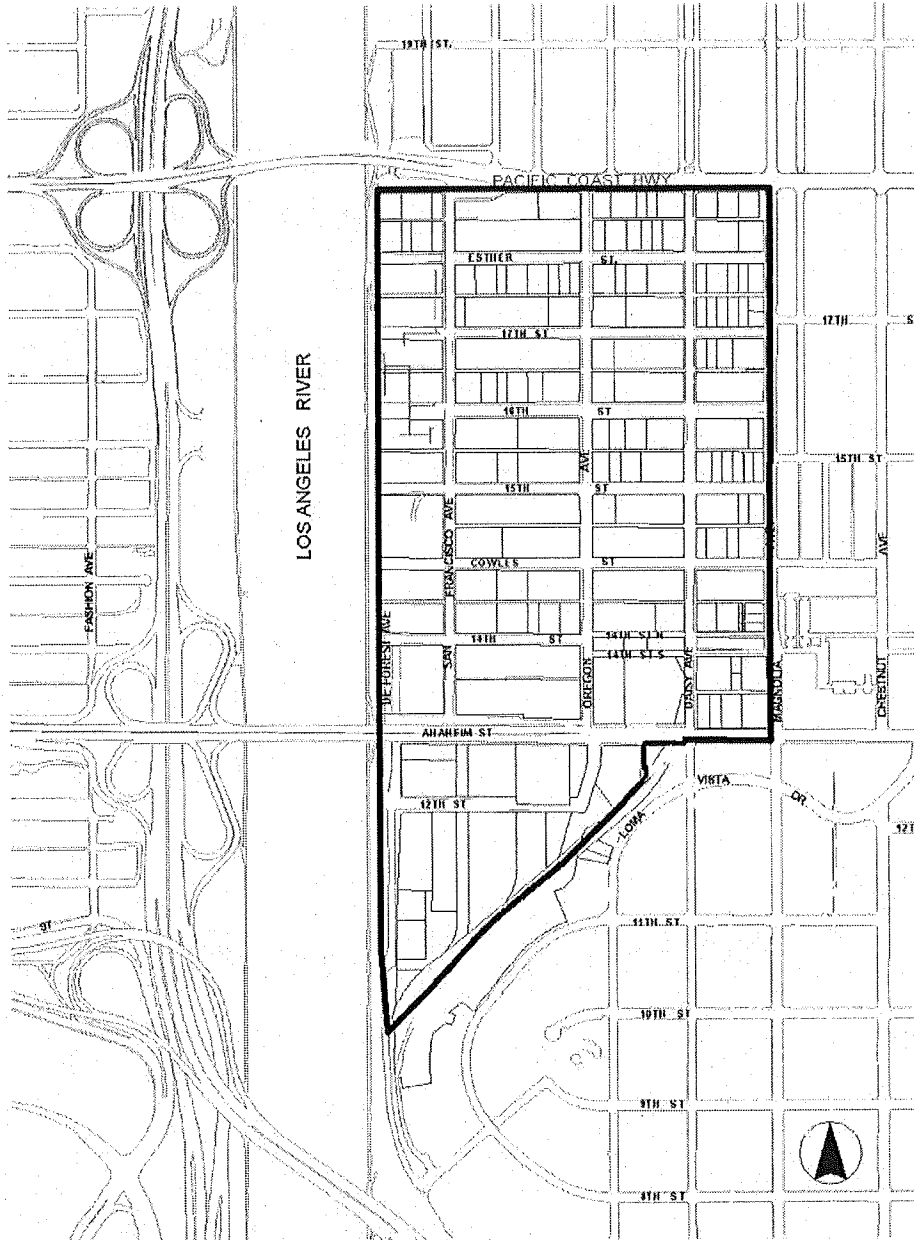
(2) The North/East RDs are comprised of RD 111,122 &123.

The table below depicts the year over year changes in the crime rates for the MIG and for the entire City of Long Beach. Though crime rates increased for the City as a whole by more than 7%, crime rates were down in the MIG year over year.

	Crimes Against Property	Crimes Against Persons	Total	Percent Change
2011 MIG Area	82	24	106	
2012 MIG Area	85	15	100	(5.66%)
2011 City of Long Beach	12,939	2,856	15,795	
2012 City of Long Beach	14,230	2,707	16,937	7.23%

III. Magnolia Industrial Group Property and Business Improvement District Boundary

A. PBID Map (Approximate boundary; see Legal Description for detail)



Magnolia Industrial Group
Business Improvement District

B. General Description

The Magnolia Industrial Group Property and Business Improvement District (MIGPBID) will deliver security and refuse/clean-up services within a 24-block area generally located east of San Francisco Avenue, south of Pacific Coast Highway, west of Magnolia Avenue and north of Anaheim Street, with an extended portion west of the Southern Pacific Railroad Right of Way, south of Anaheim Street, north of 12th Street and east of De Forest Avenue.

C. Legal Description

All that certain real property located in the City of Long Beach, County of Los Angeles, State of California bounded as follows:

Beginning at the intersection of the southerly line of Pacific Coast Highway and the easterly line of the Los Angeles County Flood Control Channel; thence easterly along the southerly line of Pacific Coast Highway to the westerly line of Magnolia Avenue; thence southerly along the westerly line of Magnolia Avenue to the southerly line of Anaheim Street thence westerly along the southerly line of Anaheim Street to the easterly line of Parcel 1 of Parcel Map No. 6264 as per map recorded in Book 75, pages 81 and 82 of Parcel Maps, Records of said county; thence southerly along the easterly line of said Parcel 2 to the westerly line of the Southern Pacific Railroad Right-of-Way; thence southwesterly along said westerly line of the Southern Pacific Railroad Right-of-Way to the easterly line of De Forest Avenue; thence northerly along the easterly line of De Forest Avenue to its end; thence westerly to the easterly line of the Los Angeles County Flood Control Channel; thence northerly along the easterly line of the Los Angeles County Flood Control Channel to the point of beginning.

IV. Service Plan

A. Previous Accomplishments of the Magnolia Industrial Group

Property owners in the Magnolia area were concerned for several years about continuing security problems, which led to increased vacancy rates and a general decline in property values. Also problematic was flooding during heavy rainstorms leading to property and business damage.

In 1995, the Magnolia Industrial Group (MIG) incorporated as a not-for-profit business association to address the crime problem. With minimal funding, property and business owners have accomplished the following:

- Passed the *Unattached Commercial Trailer No Parking Ordinance*, which has increased visibility, prevented traffic accidents and added parking spaces.
- Supported and was instrumental in completion of the LA County Storm Drain and Pump Station project, a \$20 million public works effort designed to prevent flooding in the Magnolia area.
- Established a unified voice and enhanced communication with the City:
 - Initiated alley street lighting program.
 - Improved street sweeping coverage.
 - Facilitated more effective and coordinated Police support.
- Reduced crime against properties and persons - significantly bettering general changes in citywide crime rates in most years.
- Raised property values consistent with citywide rates while vacancy rates have been reduced to nearly zero.
- Coordinated twice-yearly clean-up projects.
- Sponsor of the annual Wrigley Village Christmas parade.
- Advocated successfully for the closure of the Long Beach Recycling Center.
- Applied for and received a Long Beach beautification grant, which was used to plant over 100 trees in the Magnolia Industrial Group area.
- Won honorable mention for the Neighborhoods, USA 1998 Neighborhood of the Year Award.
- Published a monthly newsletter to all property owners maintaining communication on issues of concern in the MIG area.

B. Service Plan

The MIGPBID Service Plan provides for security beyond that currently furnished by the City; refuse removal/clean-up to dispose of items such as trash, discarded furniture, and abandoned tires; and an administrative component to handle day-to-day operations of the PBID.

1. Security

The primary purpose of establishing a PBID was to put in place a security program. The initial step installed 7-day a week security patrol. Under contract to the MIG, a security company supplies uniformed, unarmed security patrols, which make rounds to every property on a continuous basis. Specific details on the hours of operation have been provided to each property owner within the PBID. The uniformed vehicular night patrol serves as the eyes of and ears of the LBPD and responds to calls for assistance.

In addition, the MIGPBID has implemented an electronic patrol monitoring program from sundown to sunrise. Security patrol personnel use an electronic wand to record visits to any of 24 stations within the MIG area. Security patrol activity reports are then available for printing the following day.

a. Duties

The security staff on duty performs continuous patrols of properties with the MIGPBID boundaries. These patrols are made in an appropriately marked vehicle with a light bar and spotlight. Doors and access areas of properties are physically checked, and appropriate notifications are made in case of emergency. The security staff looks for illegal trespassers and notifies the police if any are observed.

b. Relationship to City Police

It is understood that the security patrol is not intended to take the place of City Police personnel. Instead, as a uniformed and unarmed patrol, they act as an observation unit that is **prepared to alert** the City Police **rather than apprehend** lawbreakers. Their visible presence acts as a deterrent to criminal activity in the PBID.

2. Refuse removal/clean-up

As necessary, the MIGPBID will cause the removal of items such as trash, discarded furniture, and abandoned tires.

3. Administration

Administration costs to establish an office are paid for primarily by donations from members. Property owners have already committed to supplying an office with meeting space, a computer, copy machine and furniture. PBID revenues support a part-time administrator.

The administrator handles membership and bookkeeping procedures and advocates for the PBID to the City, County and other entities as needed. MIG may also incur City of Long Beach and consultant costs associated with administrative and special services for the PBID.

C. Service Plan Budget

The total costs of services are based on the following estimated allocation of PBID revenues for the first year of the renewed PBID. The annual budgets proposed for subsequent years will be similar in amount to this first year. This budget may be increased during the term of the PBID to account for a cost of living increase with a maximum increase not to exceed 4% per year.

Magnolia Industrial Group Property and Business Improvement District		
Annual Budget		
For the Year Ending December 31, 2014		
<u>Expense Category</u>	<u>Expense Detail</u>	<u>Budgeted Amount</u>
Security:		\$76,000.00
Administration:	Contract Services	20.00
	Assessment District Services	3,200.00
	Accounting	500.00
	Telephone/Fax	500.00
	Insurance	3,500.00
	Supplies	500.00
	Postage	2,000.00
	Newsletter	7,500.00
Contingency:	Clean-up	2,000.00
Total:		\$95,720
	General Benefit Contribution	(3,350.20)
	Contribution From Other Sources ⁽¹⁾ :	(6,479.28)
	Fiscal Year 2013/14 Assessments:	\$85,890.52

(1) An additional \$24,800.00 is being contributed from other sources for the costs of re-forming the PBID. This item is not being paid from annual assessments and therefore does not affect the annual operating budget.

V. Assessments

A. Methodology

Property owners and other PBID stakeholders have emphasized that the assessment formula for the PBID be fair and equitable to all members of the PBID.

Lot square footage is relevant to the highest and best use of a property and will reflect the long-term value implications of the PBID. Because the security patrol is anticipated to benefit each property owner equally, it is believed that the most equitable assessment method is by size of property owned. Taking this into account the following method will be used to determine the assessment:

Zone 1 will include all properties under or equal to 20,000 square feet, and the monthly assessment amount will be \$62.01 to each property owner.

Zone 2 will include all properties over 20,000 square feet and the monthly assessment amount will be \$62.01 + \$0.001116 for each square foot over 20,000. If the resulting assessment is in excess of \$124.01, the excess will be eliminated and the property owner will pay \$124.01 monthly.

Using this formula no property owner will pay less than \$62.01, nor more than \$124.01 per month.

B. Consumer Price Index Adjustments

The assessment may be increased each year to reflect the annual change in the Consumer Price Index for All Urban Consumers in Los Angeles-Riverside-Orange Counties. The annual CPI increase shall not exceed four (4%) percent and will be calculated as of the end of March of each year.

C. Assessment Factors for Clarification

With regard to property owners holding **multiple parcels**, the following shall apply:

A property to be assessed shall include all properties under common ownership and/or control as determined by the Magnolia Industrial Group. Where multiple parcels are under such common ownership or control, the total square footage of all aggregated parcels shall be used to determine the monthly assessed amount subject to the conditions contained herein; that amount shall be reported to the Los Angeles County Assessor's Office under **the largest** of the parcel numbers, unless requested otherwise by the property owner.

With regard to property under the control of **one who is not the owner of record**, the following shall apply:

For purposes of assessment, a property will be deemed to be under the control of a party other than the owner of record under the following circumstances:

1. Where such party possesses a lease on the property for a term of not less than ten (10) years;
2. Where the property is held in trust or by an estate for the benefit of another party;
3. Or, where the property is owned by a corporation, a partnership, and/or comparable entity in which such party holds not less than 25% interest.

D. Time and Manner for Collecting Assessments

As provided by state law, the proposed Magnolia Industrial Group Property and Business Improvement District assessment will appear as a separate line item on each property owner's annual property tax bill prepared by the County of Los Angeles.

Property tax bills are generally distributed in the fall, and payment is expected by lump sum or installment. The County of Los Angeles will distribute the collected funds to the Long Beach City Council, which has discretion to allocate those funds.

The activities and assessments described within this Management Plan will not vary in future years from the formulas described herein and the levy is proposed to be authorized for the full 10 years of the MIGPBID. In accordance with Streets and Highway Code Section 36631, the assessments "shall be made at the time and in the manner set forth by the City Council in the resolution levying the assessment" and pursuant to the authorization of this plan. Existing laws for enforcement and appeal of property taxes apply to the PBID assessments.

E. General and Special Benefit

The assessment formula set forth in section 5.A. is based upon the proportional special benefit conferred upon each assessed parcel. The property related service being provided are over and above those services being provided to property outside the MIGPBID, which provides a special benefit unique to the property within the MIGPBID. As some of the area patrolled by the security program has property immediately adjacent to but not within the MIGPBID boundaries there is arguably some general benefit received from the security patrol program. Since this benefit is conferred to properties outside the MIGPBID boundaries, it is to be part of the general benefit calculation and will not be funded by the assessment.

Arguably, though there is some incidental benefit to properties along the outside perimeter of the PBID such as the areas east of Magnolia this benefit is minimal when crime rates of the adjacent areas are taken into consideration. The two RDs along the east side of Magnolia have crime rates that are three to four times that of the corresponding RDs within the MIG; however, in order to account for the very incidental general benefit received by the properties that front the east side of Magnolia Ave. and similar surrounding areas a general benefit of 3.5% has been assigned and will not be included in the MIGPBID assessment.

VI. PBID Rules and Regulations

Pursuant to the Property and Business Improvement Law of 1994, a PBID may establish rules and regulations that uniquely apply to the PBID. Two additional rules and regulations are to be employed by the Magnolia Industrial Group Business Improvement District.

A. Competitive Bidding

The Magnolia Industrial Group Property Owners Council has developed a policy for competitive bidding for any services being rendered to the MIGPBID. The policy seeks to maximize service quality, efficiency, and cost effectiveness.

B. Assessment Policy for Publicly Owned Properties

The City Attorney's Office, at its discretion, may reduce the amount of assessment to be levied for property located within the Property and Business Improvement District if the following conditions are met:

1. The class or category of real property does not benefit from the services provided.
2. The property owner makes the request in writing to the City Attorney's Office, accompanied by documentation regarding lack of benefit to the property.

If all of these conditions are met, the amount of assessment to be levied may be reduced in proportion to the real property tax exemption applied to the class or real category of real property.

C. Disestablishment

According to the law any PBID where there is no outstanding indebtedness may be disestablished by resolution of the City Council. This may occur if the City Council finds that funds have been improperly used or if the assessed property owners request disestablishment. There will be a thirty-day window every year beginning on the one-year anniversary of the establishment of the PBID, in which property owners may petition to disestablish the PBID. If the owners of real property who pay 50% or more of the assessments levied submit a written petition to disestablish, the City Council will do so. Any remaining revenues derived from the assessment or sale of assets purchased with the assessment will be returned to the owners of the property proportionate to the amount that each property owner paid.

VII. PBID Governance

A. The Magnolia Industrial Group

The Magnolia Industrial Group will be responsible for the day-to-day operations of the PBID. MIG is a private non-profit business organization that is committed to eliminating crime and nuisance in its industrial business community.

B. Advisory Board

Pursuant to section 36631 of the Property and Business Improvement Law of 1994 and in compliance with the provisions of the Ralph M. Brown Act, within 15 days of the receipt of the written petition the City Council will appoint an advisory board. The MIGPBID strategic planning committee will recommend not less than 7 members to the City Council, one of which *must* be a business licensee within the PBID who is *not* also a property owner.

The advisory board will prepare a report for each fiscal year for which assessments are to be levied. This report may propose changes, including but not limited to, the boundaries of the PBID, and the basis of levying assessments.



**Magnolia Industrial Group Property
and Business Improvement PBID
Engineer's Report**

City of Long Beach

April 2013

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32605 Temecula Parkway, Suite 100
Temecula, CA 92592
Toll free: 800.676.7516

Regional Office
870 Market Street, Suite 1223
San Francisco, CA 94102
Toll free: 800.434.8349

EXHIBIT B

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1. ENGINEER'S LETTER

Pursuant to the provisions of the *Property and Business Improvement District Law of 1994* (the "Law") *Division 18 of the Streets and Highways Code, commencing with Section 36600*, it is proposed that the Magnolia Industrial Group Property and Business Improvement District (the "District") be formed for a term of 10 years, commencing December 1, 2013.

This Engineer's Report presents the plans and specifications describing the improvements, services, and activities, an estimate of the costs of the improvements, services, and activities for the PBID for the 2013/14 Fiscal Year, a diagram showing the area and properties to be assessed, and an assessment of the estimated costs of the improvements, services, and activities. The assessment is based on the net amount upon all assessable lots and/or parcels within the PBID in proportion to the special benefit received.

The following assessment is authorized in order to pay the estimated costs of the PBID activities to be paid by the assessable real property within the boundaries of the PBID in proportion to the special benefit received. The following table summarizes the PBID assessment:

Description	Amount
Direct Activity Costs	
Security	\$76,000.00
Administration	17,720.00
Contingency	2,000.00
Subtotal Direct Activity Costs	\$95,720.00
(Less) General Benefit Contribution	(3,350.20)
(Less) Contribution from Other Sources	(6,479.28)
Total Fiscal Year 2013/14 Assessments	\$85,890.52

In making the assessments contained herein pursuant to the 1994 Act, Article XIID of the Constitution of the State of California and the Proposition 218 Omnibus Implementation Act (collectively referred to as the "Assessment Law"):

1. All parcels which will have a special benefit conferred upon them from the maintenance of improvements described in Section 3.2 to this Engineer's Report (the "Specially Benefited Parcels") have been identified. For particulars as to the identification of said parcels, reference is made to the Assessment Diagram, a copy of which is included in Section 7 of this Engineer's Report.
2. The costs and expenses to maintain the improvements upon the Specially Benefited Parcels have been assessed. In making such assessment:
 - a. The proportionate special benefit derived by each Specially Benefited Parcel from the maintenance of the improvements was determined in relationship to the entirety of the maintenance costs;
 - b. No assessment has been imposed on any Specially Benefited Parcel which exceeds the reasonable cost of the proportional special benefit conferred on such parcel from the maintenance of the improvements; and
 - c. Any general benefits from the maintenance of the improvements have been separated from the special benefits and only special benefits have been assessed.

I, the undersigned, respectfully submit the enclosed Engineer's Report and, to the best of my knowledge, information and belief, the Engineer's Report, Assessments, and the Assessment Diagram herein have been prepared and computed in accordance with the order of the City Council of the City of Long Beach and the Assessment Law.

Assessment Engineer

2. INTRODUCTION

2.1. Background of PBID

In 1996 the City Council of the City of Long Beach (the "City Council") established the Magnolia Industrial Group ("MIG") Property and Business Improvement District (the "PBID"), pursuant to the provisions of the *Property and Business Improvement District Law of 1994* (the "Law") *Division 18 of the Streets and Highways Code, commencing with Section 36600*. Historically, the MIG area experienced a high level of auto theft, petty theft and burglaries. Since the initial PBID formation in 1996, the security program has continually reduced crime within the PBID. Due to its success, the PBID was re-established in 1999 and then again in 2003. In order for the PBID to continue to provide services to the property owners in the Magnolia area, the petition, ballot and appeal process must be repeated now in 2013. The PBID through cost effective delivery of services will continue to improve safety, cleanliness and economic activity in the area.

The MIG area is approximately 24 blocks in the Magnolia Industrial area of Long Beach and is generally described as south of Pacific Coast Highway and north of W. Anaheim Street. The MIG area is encompassed within two primarily industrial Land Use Districts (the "LUD") as illustrated in the City's Land Use Element of the Long Beach General Plan (City of Long Beach, 1997). These areas are as follows:

- **LUD No. 9R Restricted Industry** – The MIG area located south of Anaheim Street is zoned as LUD No. 9R which is intended to accommodate industrial, manufacturing, research and development, warehousing, and large scale wholesale facilities and industrial-support office development. Non-industrial uses which support employment such as restaurant, retail, and business services are also permitted. Residential uses are not permitted in this area.
- **LUD No. 9G General Industry** – The MIG area located north of Anaheim Street is zoned as LUD No. 9G and was established to maintain a strong industrial employment component of the City's economic base. Industrial uses in this LUD are intended to be more intense than industrial uses in LUD No. 9R. Non-industrial uses which support employment such as restaurant, retail, and business services are also permitted, however, all other commercial and office space is not allowed.

The City Council determined that the properties lying within the PBID boundaries receive special benefit from the improvements and services provided by the PBID. The City Council further ordered the levy and collection of assessments to pay for the improvements and services provided by the PBID. Pursuant to Section 36614.5, the City Council contracted with an Advisory Board ("Advisory Board") to the MIG, to make recommendations to the City Council on: the expenditure of revenues derived from the levy of assessments; the classification of properties; the method and basis of levying the assessments; and PBID budgets and policies.

2.2. Reason for the Assessment

Approval of the assessment covered by this Engineer's Report will generate the annual assessment revenue necessary to provide for cleaning, public safety, economic development, and management activities more fully described in Section 3.2. The PBID maintenance and service activities include all necessary service, operations and administration required to keep the PBID area in an operational and satisfactory condition.

The continued maintenance and servicing of the PBID shall include a supplemental security patrol program and additional security services to support police and property owner crime prevention efforts; refuse/clean-up services to remove items such as trash, discarded furniture, and abandoned tires; and an administrative office with a part-time employee to support the PBID and promote a positive image.

2.3. Process for Establishing the Assessment

The City of Long Beach (the "City") cannot form the PBID and establish assessments without complying with the procedures specified in Article XIID and Proposition 218. In November 1996, the voters in the State of California added Article XIID to the California Constitution imposing, among other requirements, the necessity for the City to conduct an assessment ballot procedure to enable the owners of each property on which assessments are proposed to be enacted, the opportunity to express their support for, or opposition to, the proposed assessment. The basic steps of the assessment ballot procedure are outlined below.

The City must prepare a Notice of Public Hearing (the "Notice"), which describes, along with other mandated information, the reason for the proposed assessments and provide a date, time and location of a public hearing to be held on the matter. The City must also prepare an assessment ballot, which clearly gives the property owner the ability to sign and execute their assessment ballot either in favor of, or in opposition to, the proposed assessment. The Notice and assessment ballot are mailed to each affected property owner within the PBID a minimum of 45 days prior to the public hearing date as shown in the Notice.

After the Notice and assessment ballot are mailed, property owners are given until the close of the public hearing, as stated in the Notice, to return their signed and executed assessment ballot. During the public hearing, property owners are given the opportunity to address the City Council and ask questions or voice their concerns. After the public hearing, the returned assessment ballots received prior to the close of the public hearing are tabulated, weighted by the proposed assessment amount on each property and the results are announced by the City Council.

Article XIID provides that if, as a result of the assessment ballot proceeding, a majority protest is found to exist, the City Council shall not have the authority to enact the assessments as proposed. A majority protest exists if the assessments represented by ballots submitted in opposition exceed those submitted in favor of the assessment. All returned ballots are tabulated and weighted according to the financial obligation of each particular parcel. If there is no majority protest as described above, the City Council may approve the PBID formation and assessments.

3. PLANS AND SPECIFICATIONS

The PBID will provide for the supplemental security patrol program and additional security services to support police and property owner crime prevention efforts; refuse/clean-up services to remove items such as trash, discarded furniture, and abandoned tires; and provide an administrative office with a part-time employee to support the PBID and promote a positive image within the boundaries of the PBID.

3.1. Description of the Boundaries of the PBID

The Magnolia Industrial Group Property and Business Improvement District (the "MIGPBID") will deliver security and refuse/clean-up services within a 24-block area generally located east of San Francisco Avenue, south of Pacific Coast Highway, west of Magnolia Avenue and north of Anaheim Street, with an extended portion west of the Southern Pacific Railroad Right of Way, south of Anaheim Street, north of 12th Street and east of De Forest Avenue.

Section 7 of this Engineer's Report provides an assessment diagram that more fully provides a description of the PBID's boundaries and the parcels within those boundaries.

3.2. Description of the PBID Maintenance and Service Activities

The MIGPBID Service Plan provides for security beyond that currently furnished by the City; refuse removal/clean-up to dispose of items such as trash, discarded furniture, and abandoned tires; and an administrative component to handle day-to-day operations of the PBID.

Security

The primary purpose of establishing a PBID was to put in place a security program. The initial step installed 7-day a week security patrol. Under contract to the MIG, a security company supplies uniformed, unarmed security patrols, which make rounds to every property on a continuous basis. Specific details on the hours of operation have been provided to each property owner within the PBID. The uniformed vehicular night patrol serves as the eyes of and ears of the LCPD and responds to calls for assistance.

In addition, the MIGPBID has implemented an electronic patrol monitoring program from sundown to sunrise. Security patrol personnel use an electronic wand to record visits to any of 24 stations within the MIG area. Security patrol activity reports are then available for printing the following day.

1) Duties

The security staff on duty performs continuous patrols of properties within the MIGPBID boundaries. These patrols are made in an appropriately marked vehicle with a light bar and spotlight. Doors and access areas of properties are physically checked, and appropriate notifications are made in case of emergency. The security staff looks for illegal trespassers and notifies the police if any are observed.

2) Relationship to City Police

It is understood that the security patrol is not intended to take the place of City Police personnel. Instead, as a uniformed and unarmed patrol, they act as an observation unit that is prepared to alert the City Police rather than apprehend lawbreakers. Their visible presence acts as a deterrent to criminal activity in the PBID.

Refuse removal/clean-up

As necessary, the MIGPBID will cause the removal of items such as trash, discarded furniture and abandoned tires.

Administration

Administration costs to establish an office are paid for primarily by donations from members. Property owners have already committed to supplying an office with meeting space, a computer, copy machine and furniture. PBID revenues support a part-time administrator.

The administrator handles membership and bookkeeping procedures and advocates for the PBID to the City, County and other entities as needed. MIG may also incur City of Long Beach and consultant costs associated with administrative and special services for the PBID.

4. ESTIMATE OF COSTS

The estimated costs of services and administration of the PBID improvements as described in Section 3 are outlined below. Each year, as part of the PBID assessment levy calculation process, the costs and expenses are reviewed and the annual costs are projected for the following year.

4.1. Cost Estimate Budget

The estimated cost budget for the year ending December 31, 2014 for the servicing and administration of the PBID activities is as follows:

Description	Amount
Direct Activity Costs	
Security	\$76,000.00
Administration	17,720.00
Contingency	2,000.00
Subtotal Direct Activity Costs	\$95,720.00
(Less) General Benefit Contribution ⁽¹⁾	(3,350.20)
(Less) Contribution from Other Sources ⁽²⁾	(6,479.28)
Total Fiscal Year 2013/14 Assessments	\$85,890.52

(1) Figure represents 3.5% general benefit contribution from properties along the perimeter of the MIGPBID boundary.

(2) An additional \$24,800.00 is being contributed from other sources for the costs of re-forming the PBID. This item is not being paid from annual assessments and therefore does not affect the annual operating budget.

Property owners and other PBID stakeholders have emphasized that the assessment formula for the PBID be fair and equitable to all members of the PBID. Lot square footage is relevant to the highest and best use of a property and will reflect the long-term value implications of the PBID. Because the security patrol is anticipated to benefit each property owner equally, it is believed that the most equitable assessment method is by size of property owned. The assessment formula ensures that no property owner will pay less than \$62.01, or more than \$124.01 per month. The following summarizes the minimum and maximum assessments per property within the MIGPBID:

Minimum and Maximum Assessments Per Property	Amount
Minimum Assessment Per Property:	
Monthly	\$62.01
Annually	\$744.06
Maximum Assessment Per Property:	
Monthly	\$124.01
Annually	\$1,488.12

5. SPECIAL AND GENERAL BENEFIT

5.1. Introduction

Pursuant to Article XIID, all parcels that receive a special benefit conferred upon them as a result of the maintenance of the improvements shall be identified, and the proportionate special benefit derived by each identified parcel shall be determined in relationship to the entire costs of the maintenance of the improvements.

Article XIID, Section 4(a) of the California Constitution limits the amount of any assessment to the proportional special benefit conferred on the property. Article XIID also provides that publicly owned properties must be assessed unless there is clear and convincing evidence that those properties receive no special benefit from the assessment. Examples of parcels exempted from the assessment would be the areas of public streets, public avenues, public lanes, public roads, public drives, public courts, public alleys, public easements and rights-of-ways, and public parkways.

Furthermore, Proposition 218 requires that the City separate the general benefit from special benefit, so that only special benefit may be assessed to properties within the PBID.

As mentioned in Section 2.1, the MIGPBID is encompassed within two primarily industrial Land Use Districts (LUD 9R and LUD 9G). The MIG area north of Anaheim Street is designated LUD 9G and provides for heavy industrial uses with limited commercial uses in support of employment. This area contains three multi-family residential properties. According to the City's Land Use Element of the Long Beach General Plan, these residential properties are zoned as LUD 9G which allows for heavy industrial uses with other limited land uses that support employment. The residential properties are generally located along Magnolia Avenue.

5.2. Identification of Special Benefit

The assessment formula set forth in Section 6.2 is based upon the proportional special benefit conferred upon each assessed parcel. The property-related services being provided are over and above those services being provided to property outside the MIGPBID, which is of special benefit and unique to the properties within the MIGPBID. As the MIGPBID area is patrolled by the security program, properties immediately adjacent to, but not within the MIGPBID boundaries, arguably receive some general benefit from the security patrol program. Since this benefit is conferred to properties outside the MIGPBID boundaries, it is to be part of the general benefit calculation and will not be funded by the assessment. In order to identify the special benefit provided by the proposed security program for the MIGPBID area, an analysis of crime rates has been conducted utilizing statistics from the 2011 and 2012 City of Long Beach Police Department Annual Citywide Districts Report.

Since the security program was introduced in 1996, overall crime within the MIGPBID has declined. Long Beach Police Department crime rates are organized by reporting districts. A reporting district ("RD") is a small, geographically designated area that usually consists of a few neighborhood blocks. The MIG area encompasses RD 113 and RD 114 and a portion of RD 104. For purposes of this analysis, RD 104 is included in its entirety even though part of the geographic area is not within the MIGPBID boundary. As illustrated in the following table, crimes against property and persons have decreased by 9.9% since 1996, when the security program was first introduced.

1996 to 2012 MIG Comparison	Crimes Against Property	Crimes Against Persons	Total
1996 MIG Area ⁽¹⁾	93	18	111
2012 MIG Area ⁽¹⁾	85	15	100

(1) Includes 104, 113 and 114 Reporting Districts.

In addition, crime rates reported in the surrounding RDs have a higher proportion of crimes within the City than the MIG area. Despite rising crime rates in the City overall, the number of crimes occurring in the MIG area remains lower than the year in which it was first formed and lower than surrounding areas. As shown below, the total number of crimes reported in the MIG area in 2012 was 0.59% of the City's total number of reported crimes. Surrounding areas to the southeast and northeast of the MIG area contain a higher proportion of crimes reported in the City than the MIG area. As shown below, crimes within the southeast RDs equate to 1.28% of the City's crimes and the northeast RDs equate to 1.60% of the City's crimes.

2012 Crime Comparison	Crimes Against Property	Crimes Against Persons	Total	Percent of City
MIG Area ⁽¹⁾	15	85	100	0.59%
Southeast RDs ⁽²⁾	74	143	217	1.28%
Northeast RDs ⁽³⁾	67	204	271	1.60%
City of Long Beach	2,707	14,230	16,937	

- (1) Includes 104, 113 and 114 Reporting Districts. Only a portion of the MIG area is included in RD 104.
 (2) Includes 101, 103 and 112 Reporting Districts.
 (3) Includes 111, 122 and 123 Reporting Districts.

The table below depicts the year over year changes in the crime rates for the MIG area compared to the surrounding area and the entire City. From 2011 to 2012, crime in the City as a whole increased by 7.1%. For the same period, the MIG area experienced a decrease of 5.7%. Surrounding areas in the southeast RDs experienced a similar decline while the northeast RDs significantly increased in the number of reported crimes.

2011 to 2012 Crime Comparison	2011 Total Crimes	2012 Total Crimes	Percent Change
MIG Area ⁽¹⁾	106	100	(5.7%)
Southeast RDs ⁽²⁾	233	217	(6.9%)
Northeast RDs ⁽³⁾	193	271	40.4%
City of Long Beach	15,808	16,937	7.1%

- (1) Includes 104, 113 and 114 Reporting Districts. Only a portion of the MIG area is included in RD 104.
 (2) Includes 101, 103 and 112 Reporting Districts.
 (3) Includes 111, 122 and 123 Reporting Districts.

5.3. Separation of General Benefit

Section 4 of Article XIID of the California Constitution provides that once a local agency which proposes to impose assessments on property has identified those parcels that will have special benefits conferred upon them and upon which an assessment will be imposed, the local agency must next "separate the general benefits from the special benefits conferred," and only the special benefits can be included in the amount of the assessments imposed.

General benefit is an overall and similar benefit to the public at large resulting from the maintenance activities to be provided by the assessments levied. The improvements to be maintained by the PBID will be located within the PBID boundaries only. There will be no PBID maintenance activities provided for improvements located outside of the PBID boundaries.

In a 2011 study, Public safety through private action: An economic assessment of BIDs, Cook & MacDonald evaluate the impacts of criminal activities and social costs within BID boundaries and neighboring areas. The study analyzes 30 BIDs within the City of Los Angeles. The City of Los Angeles and the City of Long Beach share very similar demographic, economic and social characteristics. As such, the findings contained within the study are plausibly relevant to the MIG and surrounding area. The

results of the study found that the implementation of BID neighborhoods caused a decline in crime of 11% during an 11 year period. The study concludes that rather than displacing crime to neighboring areas, or causing a reduction in crime, BIDs have no meaningful effect on nearby areas. The study further concludes that BIDs do not shift social costs to nearby locations.

Arguably, there is some incidental benefit to properties along the outer perimeter of the PBID, such as the area along the east side of Magnolia Avenue and along a portion of W. Anaheim Street. However, when the crime rates of the adjacent areas are taken into consideration, this benefit is minimal. While the number of reported crimes in the MIG has decreased since the PBID was formed, the two RDs along the east side of Magnolia Avenue and south of W. Anaheim Street continue to have crime rates that are two to three times that of the corresponding RDs within the MIG.

5.4. Quantification of General Benefit

In order for property within the PBID to be assessed only for that portion of special benefit received from the PBID maintenance activities, the general benefit provided by the ongoing maintenance and safety activities needs to be quantified. The amount of general benefit that is provided from the PBID maintenance and security activities cannot be funded via property owner assessments within the PBID.

As previously mentioned, the MIGPBID area is bounded by Pacific Coast Highway to the north, Magnolia Avenue to the west, W. Anaheim Street to the south, and the Los Angeles River to the east. Uniformed vehicular night patrol and six electronic monitoring stations will report activity along Magnolia Avenue, one of which is located at the northeast corner of W. Anaheim Street and Magnolia Avenue. Three electronic monitoring stations are located along the south side of Pacific Coast Highway. While the focus of security patrols will be to monitor activity within the MIGPBID boundary, the presence of the uniformed security guards along the outer perimeter of the MIGPID may possibly deter criminal activity from occurring.

The general benefit that may incidentally be received by properties along the outer perimeter of the MIGPBID boundary may be quantified by evaluating the number of properties that are located along Magnolia Avenue and W. Anaheim Street. Pacific Coast Highway is a major state highway and contains three lanes in each direction. Due to the distance of properties located north of the MIGPBID boundary along Pacific Coast Highway, these properties would not receive general benefit from the three electronic monitoring stations located along Pacific Coast Highway. Properties located directly across the outer perimeter along Magnolia Avenue and W. Anaheim Street are the most likely to receive some general benefit from the PBIDs private security and electronic monitoring stations.

Since the assessment of properties within the MIG is based on land area, it would seem appropriate that the quantification of general benefit received by properties outside of the MIG is based on an evaluation of land area. There are a total of 26 properties that could arguably receive some general benefit. Combined, these properties contain a total of 150,449 square feet of land area which equates to approximately 3.5% of the overall MIG land area.

Properties Along Perimeter of PBID	Number of Properties	Land Area (SF)	Percent of Total MIGPBID Area⁽¹⁾
Along Magnolia Avenue	22	111,859	2.6%
Along W. Anaheim Street	4	38,590	0.9%
Total Properties Receiving General Benefit	26	150,449	3.5%

(1) The MIGPBID contains a total of 4,270,564 square feet of land area.

On this basis, to account for the modest incidental general benefit that may be received by the properties that front the east side of Magnolia Avenue and similar surrounding areas, a general benefit of 3.5% has been assigned and will not be included in the MIGPBID assessment.

A detailed listing of the properties that potentially receive some general benefit from the activities of the PBID are in the following table.

Assessor's Parcel Number	Land Area		Existing Use of Property	Along PBID Boundary
	Square Feet	Acres		
7269-038-002	3,650	0.084	SFR	Magnolia
7269-038-003	3,650	0.084	SFR	Magnolia
7269-038-004	3,650	0.084	MF	Magnolia
7269-038-005	3,650	0.084	MF	Magnolia
7269-038-006	3,650	0.084	MF	Magnolia
7269-038-007	2,409	0.055	MF	Magnolia
7269-038-032	2,393	0.055	MF	Magnolia
7269-038-034	3,650	0.084	SFR	Magnolia
7269-038-009	3,650	0.084	MF	Magnolia
7269-038-010	3,650	0.084	MF	Magnolia
7269-038-011	3,650	0.084	MF	Magnolia
7269-038-012	3,151	0.072	MF	Magnolia
7269-038-033	2,498	0.057	MF	Magnolia
7269-040-001	3,992	0.092	MF	Magnolia
7269-040-002	4,806	0.110	MF	Magnolia
7269-040-003	4,768	0.109	MF	Magnolia
7269-040-004	4,737	0.109	MF	Magnolia
7269-040-005	4,735	0.109	MF	Magnolia
7269-040-006	9,459	0.217	MF	Magnolia
7269-040-007	5,851	0.134	MF	Magnolia
7269-040-036	4,188	0.096	MF	Magnolia
7269-042-003	12,746	0.293	Commercial - tire company	Anaheim
7269-042-029	26,022	0.597	Commercial - office	Magnolia
7272-002-005	3,175	0.073	Commercial - auto repair	Anaheim
7272-002-009	3,590	0.082	Commercial - retail	Anaheim
7272-002-039	19,079	0.438	Service station	Anaheim
Total	150,449	3.454		

5.5. Apportioning of Special Benefit

As outlined above, each of the parcels within the PBID is deemed to receive special benefit from the PBID activities. Each parcel that has a special benefit conferred upon it as a result of the ongoing PBID activities is identified and the proportionate special benefit derived by each identified parcel is determined in relationship to the PBID costs.

The primary special benefit funded by the MIGPBID will benefit all individual parcels in the same manner. Lot square footage is relevant to the highest and best use of a property and will reflect the long-term value implications of the PBID. There shall be an equitable distribution of services based upon the frequency and type of special benefit service for all parcels regardless of whether industrial, residential, commercial, or public. These services will provide for 7-day a week security beyond that that is currently furnished by the City; refuse removal/clean-up to dispose of items such as trash, discarded furniture, and abandoned tires; and an administrative component to handle day-to-day operations of the PBID. Because the security patrol is anticipated to benefit each property owner equally, it is believed that the most equitable assessment method is by size of property owned.

As mentioned in Section 5.1, the MIGPBID area contains three multi-family residential properties. According to the City's Land Use Element of the Long Beach General Plan, these residential properties are zoned as LUD 9G which allows for heavy industrial uses with other limited land uses that support employment. The residential properties are generally located along Magnolia Avenue. The multi-family residential properties will receive the same benefits as other industrial zoned parcels since their need for services are relatively equal based upon their parcel size and zoning, which like other parcels in the PBID, allows for the development of industrial uses at any time.

Publicly owned property will be assessed the same as all other individual parcels within the MIGPBID area since their need for services are relatively equal based upon the parcel sizes and use within the PBID.

6. METHOD ASSESSMENT

6.1. Assessment Budget

Services are based on the following estimated allocation of PBID revenues for the first year of the renewed PBID. This budget may be increased during the term of the PBID to account for a cost of living increase with a maximum increase not to exceed 4% per year. Subsequent annual budgets will be similar to the budget as presented in this report not exceeding the 4% maximum annual increase.

Magnolia Industrial Group Property and Business Improvement District Annual Budget For the Year Ending December 31, 2014		
<u>Expense Category</u>	<u>Expense Detail</u>	<u>Budgeted Amount</u>
Security:		\$76,000.00
Administration:	Contract Services	20.00
	Assessment District Services	3,200.00
	Accounting	500.00
	Telephone/Fax	500.00
	Insurance	3,500.00
	Supplies	500.00
	Postage	2,000.00
	Newsletter	7,500.00
Contingency:	Clean-up	<u>2,000.00</u>
Total:		\$95,720
(Less) General Benefit Contribution ⁽¹⁾ :		(3,350.20)
(Less) Contribution From Other Sources ⁽²⁾ :		<u>(6,479.28)</u>
Fiscal Year 2013/14 Assessments:		\$85,890.52

(1) Figure represents 3.5% general benefit contribution from properties along the perimeter of the MIGPBID boundary.

(2) An additional \$24,800.00 is being contributed from other sources for the costs of re-forming the PBID. This item is not being paid from annual assessments and therefore does not affect the annual operating budget.

In order to assess the parcels within the PBID for the special benefits received from the ongoing PBID activities, the general and special benefits must be separated. As previously quantified in Section 5.4 of this Engineer's Report, the general benefit received from the PBID activities is 3.5%. Accordingly, 96.5% of the benefits from the PBID activities are considered to provide special benefits to the properties within the PBID and thus could be subject to assessment therein. The individual assessments are shown on the assessment roll in Section 8 of this Engineer's Report.

6.2. Method of Assessment Spread

Property owners and other PBID stakeholders have emphasized that the assessment formula for the PBID be fair and equitable to all members of the PBID.

Lot square footage is relevant to the highest and best use of a property and will reflect the long-term value implications of the PBID. Because the security patrol is anticipated to benefit each property owner equally, it is believed that the most equitable assessment method is by size of property owned. Taking this into account, the following method will be used to determine the assessment:

- Zone 1 will include all properties under or equal to 20,000 square feet, and the monthly assessment amount will be \$62.01 to each property owner.
- Zone 2 will include all properties over 20,000 square feet and the monthly assessment amount will be \$62.01 + \$0.001116 for each square foot over 20,000. If the resulting monthly assessment is in excess of \$124.01, the excess will be eliminated and the property owner will pay \$124.01 monthly.

Using this formula no property owner will pay less than \$62.01, nor more than \$124.01 per month.

The following assessment factors will also apply:

- With regard to property owners holding **multiple parcels**, the following shall apply:

A property to be assessed shall include all properties under common ownership and/or control as determined by the Magnolia Industrial Group. Where multiple parcels are under such common ownership or control, the total square footage of all aggregated parcels shall be used to determine the monthly assessed amount subject to the conditions contained herein; that amount shall be reported to the Los Angeles County Assessor's Office under **the largest** of the parcel numbers, unless requested otherwise by the property owner.

- With regard to property under the control of one who is not the owner of record, the following shall apply:

For purposes of assessment, a property will be deemed to be under the control of a party other than the owner of record under the following circumstances:

1. Where such party possesses a lease on the property for a term of not less than ten (10) years;
2. Where the property is held in trust or by an estate for the benefit of another party; or
3. Where the property is owned by a corporation, a partnership, and/or comparable entity in which such party holds not less than 25% interest.

6.3. Cost of Living Inflation

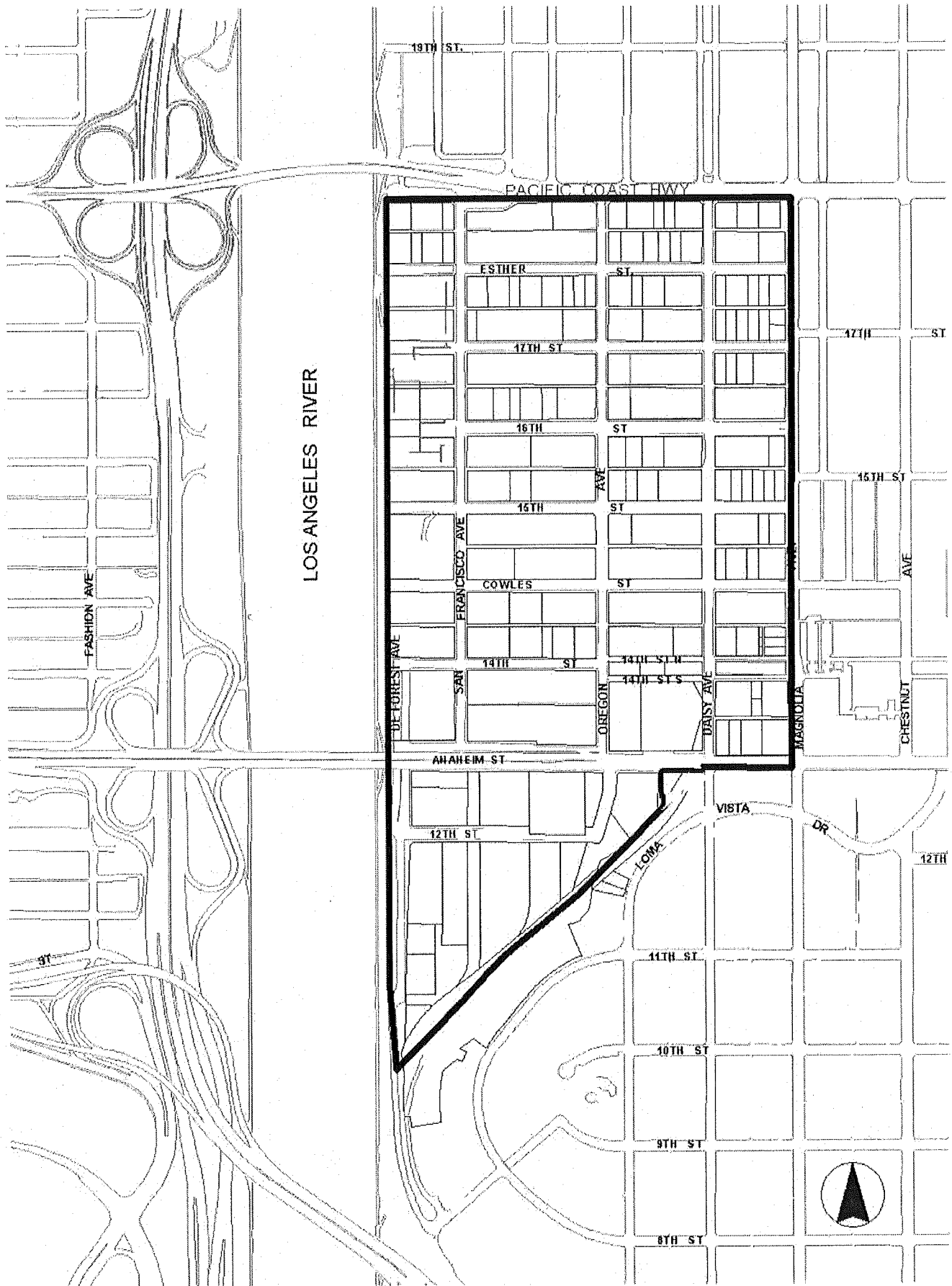
The assessment may be increased each year to reflect the annual change in the Consumer Price Index for All Urban Consumers in Los Angeles-Riverside-Orange County, CA. The annual CPI increase shall not exceed four (4%) percent and will be calculated as of the end of March of each year. The possible annual assessment totals for each of the 10 years at sample levels of CPI increases are depicted in the following table.

Fiscal Year	Total Annual Assessment	2% Annual CPI Increase	3% Annual CPI Increase	4% Annual CPI Increase
FY 2013/2014	\$85,890.52			
FY 2014/2015		\$87,608.33	\$88,467.24	\$89,326.14
FY 2015/2016		89,360.50	91,121.25	92,899.19
FY 2016/2017		91,147.71	93,854.89	96,615.15
FY 2017/2018		92,970.66	96,670.54	100,479.76
FY 2018/2019		94,830.07	99,570.65	104,498.95
FY 2019/2020		96,726.68	102,557.77	108,678.91
FY 2020/2021		98,661.21	105,634.51	113,026.06
FY 2021/2022		100,634.43	108,803.54	117,547.11
FY 2022/2023		102,647.12	112,067.65	122,248.99

If for any reason the percentage change is negative the maximum allowable assessment would not be decreased by reason of such negative percentage change and would remain at the amount as computed on the previous fiscal year regardless of any CPI adjustment. The annual assessment cannot exceed the actual costs to operate the PBID in any given year. If operating costs are such that the maximum assessment amount is not needed, the PBID would levy only what is needed for that year.

7. ASSESSMENT DIAGRAM

An Assessment Diagram for the PBID is shown on the following page. The lines and dimensions of each lot or parcel within the PBID are those lines and dimensions shown on the maps of the Assessor, at the time this report was prepared, and are incorporated by reference herein and made part of this Engineer's Report.



Magnolia Industrial Group
Business Improvement District

8. ASSESSMENT ROLL

The assessment roll is a listing of the assessment apportioned to each lot or parcel, as shown on the last equalized roll of the Assessor. The assessment roll for the PBID is listed on the following pages.

CITY OF LONG BEACH
MAGNOLIA INDUSTRIAL GROUP PROPERTY AND IMPROVEMENT DISTRICT
Sample Rate & Method Calculation
Fiscal Year 2013/2014

APN	Address	Owner	Lot Area	Total Lot Area	New Assessment
7271-004-001		LONG BEACH INDUSTRIAL	31,360		
7271-004-002	1100 DE FOREST AVE	LONG BEACH INDUSTRIAL	23,960		
7271-004-003	1120 DE FOREST AVE	LONG BEACH INDUSTRIAL	19,600		
7271-004-004	950 W 12TH ST	LONG BEACH INDUSTRIAL	59,680		
7271-004-005	840 W 12TH ST	LONG BEACH INDUSTRIAL	56,192		
7271-004-006	828 W 12TH ST	LONG BEACH INDUSTRIAL	111,510	443,617	\$1,488.12
7271-004-007	790 W 12TH ST	LONG BEACH INDUSTRIAL	48,350		
7271-004-008		LONG BEACH INDUSTRIAL	20,220		
7271-005-003	724 W ANAHEIM ST	LONG BEACH INDUSTRIAL	72,745		
7271-005-001	1250 DE FOREST AVE	AIR PRODUCTS AND CHEMICALS INC	19,384		
7271-005-002	901 W 12TH ST	AIR PRODUCTS AND CHEMICALS INC	45,302		
7271-005-008	825 W 12TH ST	AIR PRODUCTS AND CHEMICALS INC	57,499	137,187	\$1,488.12
7271-005-011		AIR PRODUCTS AND CHEMICALS INC	15,002		
7271-005-009	702 W ANAHEIM ST	LONG BEACH RESCUE MISSION	51,832	51,832	\$1,170.38
7271-006-017		ALL FORTUNE GROUP LLC	1,430		
7271-006-018		ALL FORTUNE GROUP LLC	3,200		
7271-006-020	625 W ANAHEIM ST	ALL FORTUNE GROUP LLC	78,926	83,556	\$1,488.12
7271-017-004	925 W ESTHER ST	CASE JOSEPH A & BARBARA L & CASE FAMILY	14,248		
7271-017-005		CASE JOSEPH A & BARBARA L & CASE FAMILY	7,122		
7271-017-017	933 W ESTHER ST	CASE JOSEPH A & BARBARA L & CASE FAMILY	18,140	39,510	\$1,005.36
7271-015-001	654 W ESTHER ST	DUMAS JOSE L & URSULA L	15,390		
7271-015-002	644 W ESTHER ST	DUMAS JOSE L & URSULA L	7,122		
7271-015-003	642 W ESTHER ST	DUMAS JOSE L & URSULA L	14,248		
7271-015-004	1727 DAISY AVE	DUMAS JOSE L & URSULA L	24,934	61,694	\$1,302.46
7271-015-006	548 W ESTHER ST	ERNANDES FRANK & BARBARA & ERNANDES TRUS	7,125		
7271-015-007	546 W ESTHER ST	ERNANDES FRANK & BARBARA & ERNANDES TRUS	14,200	28,447	\$857.18
7271-015-016	537 W 17TH ST	ERNANDES FRANK & BARBARA & ERNANDES TRUS	7,122		
7271-017-002	900 W PACIFIC COAST HWY	GOODWILL INDUSTRIES OF LONG BEACH AND SO	6,053		
7271-017-003	1751 SAN FRANCISCO AVE	GOODWILL INDUSTRIES OF LONG BEACH AND SO	7,122		
7271-017-010	821 W ESTHER ST	GOODWILL INDUSTRIES OF LONG BEACH AND SO	89,734	192,075	\$1,488.12
7271-017-011	800 W PACIFIC COAST HWY	GOODWILL INDUSTRIES OF LONG BEACH AND SO	43,084		
7271-017-012	700 W PACIFIC COAST HWY	GOODWILL INDUSTRIES OF LONG BEACH AND SO	25,892		
7271-017-016	940 W PACIFIC COAST HWY	GOODWILL INDUSTRIES OF LONG BEACH AND SO	20,190		
7271-015-017	1700 DAISY AVE	FINE QUALITY METAL FINISHING	7,150		
7271-015-011	1721 MAGNOLIA AVE	GIPOOR CYRUS & CATHERINE & ESFANDI JAHAN	5,249		
7271-015-012	1701 MAGNOLIA AVE	GIPOOR CYRUS & CATHERINE & ESFANDI JAHAN	5,436		
7271-014-007	524 W 17TH ST	GIPOOR CYRUS & CATHERINE & ESFANDI JOHN	10,685	35,645	\$953.60
7271-014-005	1640 DAISY AVE	GIPOOR CYRUS G & ESFANDI EDNA B	7,125		
7271-016-012	810 W ESTHER ST	JANICH GEORGE P & ANGELINA	7,143		
7271-016-003	740 W ESTHER ST	JANICH PROPERTIES LLC	14,240	50,995	\$1,159.18
7271-016-004	730 W ESTHER ST	JANICH PROPERTIES LLC	14,231		
7271-016-005		JANICH PROPERTIES LLC	7,118		
7271-018-011	655 W ESTHER ST	JANICH PROPERTIES LLC	8,263		
7271-016-007	745 W 17TH ST	CRISSMAN GROUP LLC	57,064	64,186	\$1,335.84
7271-016-010	825 W 17TH ST	CRISSMAN GROUP LLC	7,122		
7271-008-003	828 W COWLES ST	FOODBANK OF SOUTHERN CALIFORNIA	28,497	56,994	\$1,239.52
7271-008-004	1444 SAN FRANCISCO AVE	FOODBANK OF SOUTHERN CALIFORNIA	28,497		
7271-006-008		JTM PROPERTIES LLC	4,050		
7271-006-009		JTM PROPERTIES LLC	4,050		
7271-006-010	1365 MAGNOLIA AVE	JTM PROPERTIES LLC	20,060		
7271-006-013	537 W ANAHEIM ST	JTM PROPERTIES LLC	16,200		
7271-006-014	541 W ANAHEIM ST	JTM PROPERTIES LLC	8,100		
7271-006-016	537 W ANAHEIM ST	JTM PROPERTIES LLC	21,060		
7271-008-005	801 W 14TH ST	MJZ PROPERTIES LLC	21,375	94,895	\$1,488.12

CITY OF LONG BEACH
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APN	Address	Owner	Lot Area	Total Lot Area	New Assessment
7271-009-004	1419 MAGNOLIA AVE	SEVEN J INVESTMENT CO	46,174		
7271-009-006	525 W 14TH ST	SEVEN J INVESTMENT CO	13,504	221,346	\$1,488.12
7271-010-003	609 W COWLES ST	SEVEN J INVESTMENT CO	61,855		
7271-011-003	1451 OREGON AVE	SEVEN J INVESTMENT CO	42,750		
7271-013-003	636 W 16TH ST	SEVEN J INVESTMENT CO	14,248		
7271-013-010	540 W 16TH ST	SEVEN J INVESTMENT CO	35,623		
7271-013-013		SEVEN J INVESTMENT CO	7,192		
7271-018-006	1773 DAISY AVE	THIRTY FIRST STREET PTNSHP	14,248	28,492	\$857.78
7271-018-007	621 W ESTHER ST	THIRTY FIRST STREET PTNSHP	7,122		
7271-018-008	629 W ESTHER ST	THIRTY FIRST STREET PTNSHP	7,122		
7271-012-016	707 W 16TH ST	BURROWS KIM A & SCOTT S	10,685		
7271-012-017	707 W 16TH ST	BURROWS KIM A & SCOTT S	24,933	35,618	\$953.22
7271-014-002	1645 DAISY AVE	J AND B PROPERTIES	47,480	141,130	\$1,488.12
7271-014-003	1645 DAISY AVE	J AND B PROPERTIES	47,476		
7271-014-009	1600 DAISY AVE	POTECHIN BARRY D & POTECHIN FAMILY TRUST	46,174		
7271-018-009	639 W ESTHER ST	ANDERSON HAZEL L	10,685	10,685	\$744.06
7271-018-017	1750 DAISY AVE	SWANSON CLIFFORD L & SWANSON FAMILY TRUS	28,497	28,497	\$857.86
7271-018-014	514 W PACIFIC COAST HWY	VIGNONE JOHN M & JOHN M VIGNONE TRUST	12,200	12,200	\$744.06
7271-006-001	1388 DAISY AVE	BLOCK TOM	19,602	19,602	\$744.06
7271-015-005	615 W 17TH ST	ASSOCIATED BREWERS DISTRIBUTING CO INC	39,187	39,187	\$1,001.02
7271-018-010	645 W ESTHER ST	AVALOS RODOLFO & MIRIAM	14,248	14,248	\$744.06
7271-013-015	525 W 15TH ST	CAMM JAMES L & CATHERINE P	6,958	6,958	\$744.06
7271-010-002	600 W 15TH ST	COHEN JOSEPH	46,174	46,174	\$1,094.60
7271-016-011	820 W ESTHER ST	EMILIO EDITH & EMILIO EDITH	14,244	14,244	\$744.06
7271-006-002	600 W 14TH ST	ENLOW FRED L & JUDITH A	10,454	10,454	\$744.06
7271-006-003	634 W 14TH ST	ABAZIS JOHN E & KYRIAKOULA & ABAZIS FAMI	7,405	7,405	\$744.06
7271-016-001	840 W ESTHER ST	840 WEST ESTHER LLC	14,200	14,200	\$744.06
7271-013-018	620 W 16TH ST	16TH AND DAISY	24,938	24,938	\$810.20
7271-006-004	662 W 14TH ST	1368 OREGON AVENUE LLC	8,276	8,276	\$744.06
7271-010-006		G AND B WHOLESALE FOODS	7,122		
7271-010-013	540 W 15TH ST	PAPPAS GEORGE & ESTHER & PAXOS B	28,500	35,622	\$953.28
7271-012-010	800 W 16TH ST	OMP 16TH STREET LONG BEACH LLC	42,689	42,689	\$1,047.94
7271-011-004	899 W COWLES ST	HANKE ERIC	42,750	42,750	\$1,048.74
7271-009-007		WHITECLOUD PATRICIA	963		
7271-009-010	1409 MAGNOLIA AVE	WHITECLOUD PATRICIA	4,569	5,532	\$744.06
7271-007-002	720 W 14TH ST	RADER PROPERTIES GROUP 14 LLC	94,090		
7271-007-003	727 W ANAHEIM ST	RADER PROPERTIES GROUP 14 LLC	113,692	207,782	\$1,488.12
7271-012-014	847 W 15TH ST	PAUL GLENN S & PAUL KENNETH	28,314	42,514	\$1,045.58
7271-012-013	809 W 15TH ST	PAUL GLENN S & PAUL KENNETH D	14,200		

CITY OF LONG BEACH
MAGNOLIA INDUSTRIAL GROUP PROPERTY AND IMPROVEMENT DISTRICT
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7271-012-007	811 W 16TH ST	KBKS ENTERPRISES LLC	7,122		
7271-012-008	825 W 16TH ST	KBKS ENTERPRISES LLC	10,685	17,807	\$744.06
7271-012-009	845 W 16TH ST	LONG BEACH SEAFOODS CO	17,750	17,750	\$744.06
7271-010-010	515 W COWLES ST	MARINE MANUFACTURING LLC	14,248	14,248	\$744.06
7271-013-008	651 W 15TH ST	SANCHEZ H DANIEL	7,100	7,100	\$744.06
7271-010-007	1465 MAGNOLIA AVE	MAGDALENO SILVIA	10,685		
7271-010-008	1429 MAGNOLIA AVE	MAGDALENO SILVIA	17,812	35,619	\$953.24
7271-010-009	511 W COWLES ST	MAGDALENO SILVIA	7,122		
7271-010-012	1492 OREGON AVE	HARER O HALLORAN VENTURE	15,390	15,390	\$744.06
7271-013-016	531 W 15TH ST	LAMAR INDUSTRIES INC	7,122		
7271-013-017	1500 DAISY AVE	LAMAR INDUSTRIES INC	10,685	17,807	\$744.06
7271-014-001	1640 OREGON AVE	LOOFF ETTA M & ETTA M LOOFF TRUST	14,248	28,496	\$857.84
7271-014-004	1600 OREGON AVE	LOOFF ETTA M & ETTA M LOOFF TRUST	14,248		
7271-006-015	551 W ANAHEIM ST	TUCKER HENRY M & VICTORIA V	10,530	10,530	\$744.06
7271-015-800	1700 OREGON AVE	SO CALIF EDISON CO S B OF E PAR 1 MAP 14	22,512	22,512	\$777.70
7271-015-010	1749 MAGNOLIA AVE	TRAN THIEN NGA	10,650	10,650	\$744.06
7271-011-007	850 W 15TH ST	READY STORAGE LLC	83,635	83,635	\$1,488.12
7271-008-007	701 W 14TH ST	KERANEN CHARLES W & KERANEN TRUST	14,200	14,200	\$744.06
7271-013-011	500 W 16TH ST	MAGNOLIA AND 16TH ST LLC	10,685	10,685	\$744.06
7271-008-009	717 W 14TH ST	MORRISON DAVID & CHARLOTTE & MORRISON FA	14,248		
7271-009-002	1417 DAISY AVE	MORRISON DAVID S & MORRISON FAMLY TRUST	17,646	31,894	\$903.36
7271-009-001	624 W COWLES ST	L B WESTSIDE MARKETPLACE LLC	60,548	100,270	\$1,488.12
7271-009-003	629 W 14TH ST	L B WESTSIDE MARKETPLACE LLC	39,722		
7271-013-001	660 W 16TH ST	UNDERWOOD ROBERT M & UNDERWOOD TRUST	11,256	22,512	\$777.70
7271-013-002	640 W 16TH ST	UNDERWOOD ROBERT M & UNDERWOOD TRUST	11,256		
7271-013-014	519 W 15TH ST	SIMMONS WILLIAM	7,196	7,196	\$744.06
7271-018-015	500 W PACIFIC COAST HWY	WELCH FERN G	2,750	2,750	\$744.06
7271-015-009	516 W ESTHER ST	SUNSET LODGE 26 F & AM	7,122	7,122	\$744.06
7271-018-012	550 W PACIFIC COAST HWY	SANMUKH INVESTMENTS INC	12,175	12,175	\$744.06
7271-018-002	646 W PACIFIC COAST HWY	VAN EENENAAM EDWARD A & ED VAN TRUST	15,311	15,311	\$744.06
7271-018-016	1765 MAGNOLIA AVE	LE CHATEAU APARTMENTS LLC	17,812	17,812	\$744.06
7271-018-001	660 W PACIFIC COAST HWY	PATEL JAGDISH V & HANSA J & PATEL FAMILY	10,170	10,170	\$744.06
7271-012-006	711 W 16TH ST	MARTINEZ FLORIZA	14,250	14,250	\$744.06
7271-018-003	630 W PACIFIC COAST HWY	KIM HOWARD & HIDY & KIM BRADLEY	6,100		
7271-018-004	624 W PACIFIC COAST HWY	KIM HOWARD & HIDY & KIM BRADLEY	6,125		
7271-018-018	600 W PACIFIC COAST HWY	KIM HOWARD W & HIDY & H W AND H KIM FAMI	14,540	26,765	\$834.66
7271-015-013	515 W 17TH ST	TICHAUER HANNI & TICHAUER TRUST	7,122	7,122	\$744.06
7271-008-001	724 W COWLES ST	MILLER CHRISTOPHER T & HOLLINGSWORTH MIL	35,625	35,625	\$953.32
7271-004-900		LONG BEACH CITY	11,760		

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APN	Address	Owner	Lot Area	Total Lot Area	New Assessment
7271-012-906		LONG BEACH CITY	45,120		
7271-016-901		LONG BEACH CITY	91,476	148,356	\$1,488.12
7271-009-008		TORRES FRANCISCO R & RAQUEL	919		
7271-009-011	1405 MAGNOLIA AVE	TORRES FRANCISCO R & RAQUEL	4,369	5,288	\$744.06
7271-006-019	645 W ANAHEIM ST	WATERMAN WENDY A & GLICKSTEEN C	47,906	47,906	\$1,117.80
7271-013-007	635 W 15TH ST	WOLHAUPTER LIMITED PARTNERSHIP	14,200	14,200	\$744.06
7271-012-012	1501 OREGON AVE	1501 OREGON AVENUE LLC	42,689	42,689	\$1,047.94
7271-013-012	1501 MAGNOLIA AVE	PHOU PUN	7,122	7,122	\$744.06
7271-010-011	1450 DAISY AVE	RILEY JOHN & EMERY LILA	7,122	7,122	\$744.06
7271-018-013	520 W PACIFIC COAST HWY	SOUTHERN CALIFORNIA AIRGAS INC	12,244	12,244	\$744.06
7271-006-007	1350 DAISY AVE	HENDERSON ANN R & HENDERSON M COTR HENDE	26,730	26,730	\$834.20
7271-009-005	1402 DAISY AVE	KUZNETSOV STEVE	13,500	13,500	\$744.06
7271-008-002	812 W COWLES ST	MOINEE MIKE A & MOINEE FAMILY TRUST	21,300	21,300	\$761.46
7271-015-008	520 W ESTHER ST	BUNTING VINCENT & KRISTEN & BUNTING FAMI	7,125	7,125	\$744.06
7271-004-010		KBLB INDUSTRIAL I LLC	39,080	39,080	\$999.60
7271-014-008	500 W 17TH ST	ESFANDI JAHANGUIR J & EDNA B	21,375	21,375	\$762.48
7271-015-014	519 W 17TH ST	KYSKEYA LLC	6,532	6,532	\$744.06
7271-014-006	540 W 17TH ST	ESFANDI RASHEL & RELA LLC	7,122		
7271-015-015	533 W 17TH ST	ESFANDI RASHEL & RELA LLC	7,722	14,844	\$744.06
7271-005-010	1200 OREGONAST CHOPPERS PLAC /SPOTSKEY EDWARD J		29,007	29,007	\$864.68
7271-016-008	707 W 17TH ST	WAREHOUSEINVESTMENTS LLC & JEBBIA GLORIA	21,340	21,340	\$762.00
7271-012-018	1630 SAN FRANCISCO AVE	FAEC HOLDINGS 392920 LLC	85,500	85,500	\$1,488.12
7271-013-009	1524 OREGON AVE	ROYAL CONTAINER TRANSPORT	11,786	11,786	\$744.06
7271-012-011	700 W 16TH ST	CHE HUE N & HOA T	42,600	42,600	\$1,046.74
7271-005-004	718 W ANAHEIM ST	AMBC PARTNERS LP	17,350	17,350	\$744.06
7271-013-006	1501 DAISY AVE	1501 1388 DLC LLC	28,497	28,497	\$857.86
7271-008-008	733 W 14TH ST	CORNWALL CHARLES M & BONNIE J	7,117	7,117	\$744.06
7271-016-006	708 W ESTHER ST	WIRTZ KENRICK G & KENRICK G WIRTZ TRUST	7,118		
7271-016-009	700 W ESTHER ST	WIRTZ KENRICK G & KENRICK G WIRTZ TRUST	7,122	14,240	\$744.06
7271-009-009		CHEA YIEN	806		
7271-009-012	1401 MAGNOLIA AVE	CHEA YIEN P	3,800	4,606	\$744.06

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7271-012-020		1601 SAN FRANCISCO AVENUE LLC	50,094		
7271-012-023	1501 SAN FRANCISCO AVE	1601 SAN FRANCISCO AVENUE LLC	139,392	554,529	\$1,488.12
7271-007-005	929 W ANAHEIM ST	929 ANAHEIM STREET LLC	118,919		
7271-008-013	1401 SAN FRANCISCO AVE	SAN FRANCISCO YARD LLC	135,036		
7271-011-008		SAN FRANCISCO YARD LLC	96,268		
7271-017-015	940 W PACIFIC COAST HWY	SAN FRANCISCO YARD LLC	14,820		
Total of Assessments					\$85,890.52

9. REFERENCES

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