

# CITY OF LONG BEACH

DEPARTMENT OF COMMUNITY DEVELOPMENT

BUSINESS DEVELOPMENT CENTER

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January 4, 2005

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

SUBJECT: Downtown Long Beach Property and Business Improvement District  
Annual Report and Assessment (Districts 1 and 2)

## DISCUSSION

The Downtown Long Beach Property and Business Improvement District (DLB-PBID) assesses property owners for expenses related to security, maintenance, public relations, special projects, advocacy and economic development in Downtown Long Beach. The DLB-PBID was established by the City Council on August 4, 1998. On July 22, 2003, City Council again re-established the DLB-PBID. This re-establishment required a majority vote of the property owners in favor of re-establishing the district for a new term of ten years.

The Property and Business Improvement District Law of 1994 (Law) requires that the Downtown Long Beach Associates (DLBA) Board of Directors file an Annual Report detailing the DLB-PBID assessment methodology and assessment levy filed with Los Angeles County. The subject levy of assessment will cover the DLB-PBID contract period with the DLBA from January 1, 2005, through December 31, 2005. The Annual Report is provided as Attachment 1 for Council approval.

The Law also allows the City to contract with service providers to carry out the DLB-PBID program. For the past six years, the City has contracted with the DLBA to carry out the DLB-PBID Management Plan. The current agreement provides that the contract term be automatically extended on a year-to-year basis upon City Council approval of the Annual Report and related levy of assessment.

Properties are assessed based upon location within three defined zones in the DLB-PBID area. The assessment rate and level of program service provided varies, depending upon the zone in which the property is located. Assessment rates for 2005 are described in Section 6.3 of Attachment 1. Total property assessment revenue of \$1,590,010 is reported in Section 8.

The DLBA also provides an Annual Management Plan describing projected revenue and expenditures for the organization. In addition to PBID assessments, DLBA revenue

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is derived from business license assessments, sponsorships and downtown promotions. The subject City Council action involves only the PBID assessment revenue of \$1,590,010 for the DLBA contract period of January 1, 2005 through December 31, 2005. The DLBA's 2005 Management Plan is provided for reference as Attachment 2.

The DLBA budget in Section 5 of the Annual Report shows estimated PBID assessment revenue at \$1,633,268. This amount differs from the assessment total of \$1,590,010 detailed in Section 8 as a result of having a different fiscal year and property assessment adjustments made since the DLBA budget was developed and approved in July 2004. The DLBA may address the estimated \$43,258 revenue shortfall by a reduction in actual expenses or the use of PBID carryover funds from previous years.

The DLB-PBID assessment area contains properties owned by private commercial property owners, the City of Long Beach, and the Long Beach Redevelopment Agency (RDA). In Fiscal Year 2005, the City assessment is \$337,961, of which \$164,650 is related to Pike property development and will be paid to the City by Developers Diversified Realty (DDR), as required by their lease. Thus, the City's net assessment is estimated at \$173,311 and the RDA assessment is estimated at \$74,742. City and RDA payments total \$412,703 and represent approximately 26 percent of the total estimated levy of \$1,590,010 for program year 2005. Attachment 3 details City and RDA-owned properties located within the DLB-PBID.

This letter was reviewed by Assistant City Attorney Heather Mahood on November 9, 2004, Budget Management Officer David Wodynski on December 2, 2004, and by the City Treasurer's Office on December 2, 2004.

TIMING CONSIDERATIONS

The current DLB-PBID contract terminates on December 31, 2004. City Council approval of the Annual Report and related levy of assessment is requested on January 4, 2005 to ensure timely extension of the contract for another year.

FISCAL IMPACT

The City's assessment for Fiscal Year 2005 is \$337,961. Of this amount, \$164,650 is associated with Pike development property and will be paid to the City by DDR. This portion of the assessment is currently unbudgeted; therefore, an appropriations increase is included in the recommended action below. The City will pay on this contract the portion of the assessment attributable to DDR, after receipt of those funds from DDR. The balance of the City's assessment is budgeted in the Civic Center Fund (IS 380) in the Department of Public Works (PW). There will be no impact on the General Fund.

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IT IS RECOMMENDED THAT THE CITY COUNCIL:

- 1) Approve the Downtown Long Beach Property and Business Improvement District Annual Report for the period of January 1, 2005, through December 31, 2005, automatically extending the current agreement with the Downtown Long Beach Associates for one year; and
- 2) Increase appropriations in the Civic Center Fund (IS 380) and the Department of Public Works (PW) by \$164,650. The City shall pay this amount after DDR pays the City the portion of the assessment attributable to DDR.

Respectfully submitted,



MELANIE S. FALLON  
DIRECTOR OF COMMUNITY  
DEVELOPMENT

  
for CHRISTINE ANDERSEN  
DIRECTOR OF PUBLIC WORKS

MSF:RH:tb

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APPROVED:

  
for GERALD R. MILLER  
CITY MANAGER

- Attachment 1 – Downtown Long Beach Property and Business Improvement District Annual Report, 2004-2005 prepared by NBS Government Finance Group  
Attachment 2 – Downtown Long Beach Associates Management Plan FY 2004-2005  
Attachment 3 – City and RDA Property Assessment Detail