



CITY OF LONG BEACH

DEPARTMENT OF COMMUNITY DEVELOPMENT

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802

R-30

November 15, 2005

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Approve the Downtown Long Beach Property and Business Improvement District Annual Report for the period of January 1, 2006 through December 31, 2006, automatically extending the current agreement with the Downtown Long Beach Associates for one year; and increase budget appropriation by \$176,161 in the Civic Center Fund (IS 380) and the Department of Public Works (PW). (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, 2006 through December 31, 2006. The Annual Report is provided as Attachment A for City Council approval.

The Law also allows the City to contract with service providers to carry out the DLB-PBID program. For the past seven 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 2006 are described in Section 6.3 of Attachment A. Total property assessment revenue of \$1,708,862 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 is derived from business license assessments, sponsorships and downtown promotions. The subject City Council action involves only the PBID assessment revenue of \$1,708,862 for the DLBA contract period of January 1, 2006 through December 31, 2006. The DLBA's 2005-2006 Management Plan is provided for reference as Attachment B.

The DLB-PBID revenue listed in Section 5.1 of the Annual Report (Attachment A) was set in the ten-year budget when the district was renewed in July 2003. It reflects estimated PBID assessment revenue at \$1,756,886. This amount differs from the most current assessment estimate of \$1,708,862 detailed in Section 8 based on current property rolls. The DLBA may address the potential \$48,024 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 2006, the City assessment is \$362,768, of which \$176,161 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 \$186,607, while the RDA assessment is estimated at \$80,663. City and RDA payments total \$443,432 and represent approximately 26 percent of the total estimated levy of \$1,708,862 for program year 2006. Attachment C details City and RDA-owned properties located within the DLB-PBID.

This letter was reviewed by Assistant City Attorney Heather Mahood on November 26, 2005, Budget Management Officer David Wodynski on November 3, 2005, and by the City Treasurer's Office on November 7, 2005.

TIMING CONSIDERATIONS

The current DLB-PBID contract terminates on December 31, 2005. City Council approval of the Annual Report and related levy of assessment is requested on November 15, 2005 to ensure timely extension of the contract for another year.

FISCAL IMPACT

The City's assessment for Fiscal Year 2006 is \$362,768. Of this amount, \$176,161 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 offset by the DDR payment is included in the recommended action. 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.

SUGGESTED ACTION

Approve recommendation.

Respectfully submitted,



for

PATRICK H. WEST
DIRECTOR OF COMMUNITY
DEVELOPMENT



CHRISTINE ANDERSEN
DIRECTOR OF PUBLIC WORKS

APPROVED:



GERALD R. MILLER
CITY MANAGER

PHW:RS:tb

Attachment A – Downtown Long Beach Property and Business Improvement District Annual Report, 2005-2006 prepared by NBS Government Finance Group
Attachment B – Downtown Long Beach Associates Management Plan FY 2005-2006
Attachment C – City and RDA Property Assessment Detail