

## **C-9**

February 2, 2021

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

### **RECOMMENDATION:**

Approve the Magnolia Industrial Group Property and Business Improvement District Annual Report continuing the property assessment for the period of January 1, 2021 through December 31, 2021, automatically extending the current agreement with the Magnolia Industrial Group, Inc., for a one-year period; and, authorize payment of \$1,715 in City property assessments from the General Fund Group in the Public Works Department. (District 1)

### **DISCUSSION**

The Magnolia Industrial Group Property and Business Improvement District (MIGPBID) was initially established by the City Council in 1996 for a three-year period. On July 20, 1999, the City Council re-established the MIGPBID for an additional five years. On July 23, 2013, following a majority vote of the property owners, the City Council again re-established the MIGPBID for an additional ten-year term. The City of Long Beach (City) contracts with Magnolia Industrial Group, Inc. (MIG), to manage the MIGPBID and the MIG Board of Directors serve as the Advisory Board to the City Council on matters related to the MIGPBID. MIG utilizes the MIGPBID funding to provide enhanced security and maintenance, above and beyond the services provided by the City.

State law governing Property and Business Improvement Districts requires that an annual report be submitted to the City Council by the MIG Board of Directors. The attached MIGPBID 2020-2021 Annual Report (Annual Report) describes the boundaries, proposed activities, and budgetary information, as well as the method and basis for continuation of the assessment. The Annual Report proposes no change to the MIGPBID boundaries, the method of assessment, and no significant change to the proposed activities.

The Annual Report, transmitting the recommendations of the Advisory Board, proposes the following assessment rates:

#### **Method of Assessment**

The following method is used to determine the 2020-2021 assessment:

- Zone 1 includes all properties under or equal to 20,000 square feet. The annual assessment amount is a flat \$857.51 per property owner.

- Zone 2 includes all properties over 20,000 square feet. The annual assessment amount is \$857.51 + \$0.0154340 for each square-foot over 20,000. When the computed assessment is greater than \$1,715.02, the excess is eliminated, and the assessment is reduced to \$1,715.02.

Using this formula, no property owner will be assessed less than \$857.51 or more than \$1,715.02 in 2020-2021. This equates to approximately \$71.45 and \$142.92 per month.

This matter was reviewed by Deputy City Attorney Amy R. Webber on January 6, 2021 and by Budget Management Officer Rhutu Amin Gharib on January 13, 2021.

#### TIMING CONSIDERATIONS

City Council action is requested on February 2, 2021, so that FY 21 assessment transfers may be made as required by the Agreement for Funding with MIG.

#### FISCAL IMPACT

It is estimated that the MIGPBID will generate \$102,650 in FY 21 through the proposed continuation of the assessment. Assessment funds are collected through additional fees attached to property owner assessment payments in the MIGPBID area. All revenues are distributed directly to MIG for implementation of annual programs.

The total for City-owned parcels within the MIGPBID for FY 21 is \$1,715. The Public Works Department is responsible for the entire amount and sufficient appropriations are currently budgeted in the General Fund Group in the Public Works Department to cover this cost.

This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

#### SUGGESTED ACTION

Approve recommendation.

Respectfully submitted,



JOHN KEISLER  
DIRECTOR OF ECONOMIC DEVELOPMENT

APPROVED:



THOMAS B. MODICA  
CITY MANAGER



# **2020-2021 Annual Report Magnolia Industrial Group Property & Business Improvement District**

SUBMITTED BY THE MAGNOLIA INDUSTRIAL GROUP TO THE  
CITY OF LONG BEACH

DECEMBER 1, 2020

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# DISTRICT OVERVIEW

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## District Background

In 1996 the City Council of the City of Long Beach (the “City Council”) established the Magnolia Industrial Group 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 Magnolia Industrial 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, again in 2003, and most recently in 2013.

Pursuant to Section 36614.5 of the Law, the City Council contracts with an Advisory Board (“Advisory Board”), the Magnolia Industrial Group (“MIG”), to make recommendations to the City Council on the expenditure of revenues received from the levy of assessments, the classification of properties, the method and basis of levying the assessments, and PBID budgets and policies.

This Annual Report is prepared pursuant to Section 36650(a) of the Law.

## District Boundary

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.

The following page shows the boundaries of the PBID.



Magnolia Industrial Group  
Business Improvement District

## District Advisory Board

Bill Townsend, President	(562) 296-1308
Mike Zupanovich, Treasurer/Secretary	(562) 591-5665
Arthur Cox, Boardmember	(562) 570-2784
Krystal Urzua, Boardmember	(562) 307-7355
Jim Zupanovich, Boardmember Emeritus	(562) 591-5665

## METHOD OF ASSESSMENT

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Property owners and other PBID stakeholders 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 reflects the long-term value implications of the PBID. Because the security patrol is anticipated to benefit each property owner equally, it is believed the most equitable assessment method is by size of property owned.

The following method is used to determine the 2020/21 assessment:

- Zone 1 includes all properties under or equal to 20,000 square feet. The 2020/21 annual assessment amount is a flat \$857.51 per property owner.
- Zone 2 includes all properties over 20,000 square feet. The 2020/21 annual assessment amount is \$857.51 + \$0.0154340 for each square foot over 20,000. When the computed assessment is greater than \$1,715.02, the excess is eliminated, and the assessment is reduced to \$1,715.02.

Using this formula, no property owner will be assessed less than \$857.51 or more than \$1,715.02 in 2020/21. This equates to approximately \$71.45 and \$142.92 per month.

## Clarification of Assessment

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

A property to be assessed includes 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 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.

## Assessment Rate Increases

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

The CPI increased 1.95% effective for 2020/21. As such, the maximum rates increased by 1.95% over the prior year's maximum rates.

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 in the previous fiscal. The annual assessment cannot exceed the actual costs to operate the PBID in any given year.

## Maximum Assessment Rates

The table below shows the historical, maximum assessment rates for the PBID:

<b>Fiscal Year</b>	<b>Rate Change</b>	<b>Zone 1 Maximum Assessment</b>	<b>Zone 2 Maximum Rate for Lot Sq Ft &gt; 20,000</b>	<b>Zone 2 Maximum Assessment Limit</b>
2013/14	N/A	\$744.06	\$0.0133920	\$1,488.12
2014/15	1.04%	751.79	0.0135313	1,503.59
2015/16	0.51%	755.66	0.0136009	1,511.32
2016/17	1.70%	768.48	0.0138316	1,536.97
2017/18	2.68%	789.10	0.0142028	1,578.21
2018/19	3.78%	818.97	0.0147403	1,637.94
2019/20	2.71%	841.14	0.0151395	1,682.29
2020/21	1.95%	857.51	0.0154340	1,715.02

## Actual Assessment Rates

The table below shows the historical, actual assessment rates for the PBID:

<b>Fiscal Year</b>	<b>Rate Change</b>	<b>Zone 1 Actual Assessment</b>	<b>Zone 2 Actual Rate for Lot Sq Ft &gt; 20,000</b>	<b>Zone 2 Actual Assessment Limit</b>
2013/14	N/A	\$744.06	\$0.0133920	\$1,488.12
2014/15	0.00%	744.06	0.0133920	1,488.12
2015/16	1.56%	755.66	0.0136009	1,511.32
2016/17	0.00%	755.66	0.0136009	1,511.32
2017/18	4.43%	789.10	0.0142028	1,578.21
2018/19	1.50%	800.94	0.0144158	1,601.88
2019/20	5.02%	841.14	0.0151395	1,682.29
2020/21	1.95%	857.51	0.0154340	1,715.02

## Proposed Changes

For 2020/21, the PBID Board approved a levy at the maximum assessment rates, which was an increase of 1.95% over the prior year's actual assessment rates. The assessment may be levied at any rate at or below the maximum rates in any given year.

There are no proposed changes to the boundaries, the benefit zones, or the assessment methodology of the PBID.

## BUDGET

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### District Budget

The table below shows the 2020/21 budget for the PBID:

Description	Budgeted Amount
Security Patrol	\$64,054.08
Contract Services	13,068.41
Assessment District Services	4,130.29
Accounting	12,500.00
Telephone/Fax	720.00
Insurance	3,600.00
Supplies	300.00
Postage	100.00
Newsletter	7,500.00
Contingency: Clean-up	100.00
Miscellaneous	300.00
<b>Total Costs</b>	<b>\$106,372.78</b>
General Benefit Contribution (1)	(3,723.05)
<b>Amount Assessed to Property Owners</b>	<b>\$102,649.74</b>

(1) Figure is 3.5% of Total Costs, which represents the general benefit percentage computed in the Formation Engineer's Report.

### Surplus or Deficit Carryover

The MIG reports there are no surplus or deficit funds to be carried over to Fiscal Year 2020/21.

### General Benefit

The formation engineer estimated the general benefit of the PBID improvements and activities to be 3.5%. Thus 3.5% of the budget must be funded from sources other than assessments.

### Contributions from Other Sources

Other sources will include donations from PBID members.

## MAGNOLIA INDUSTRIAL GROUP PROPERTY & BUSINESS IMPROVEMENT DISTRICT

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### 2020 – 2021 Program

The PBID provides 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 provides an administrative office with a part-time employee to support the PBID and promote a positive image within the boundaries of the PBID.

## Description of Services

### SECURITY

The primary purpose of establishing the PBID was the 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 and ears of the LBPD and responds to calls for assistance.

In addition, the PBID 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 Magnolia Industrial 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.

### REFUSE REMOVAL/CLEAN-UP

As necessary, the PBID 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. The MIG may also incur City of Long Beach and consultant costs associated with administrative and special services for the PBID.

## ASSESSMENT ROLL

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The following pages contain the 2020/21 assessment roll for the PBID.

**City of Long Beach**  
**Magnolia Industrial Group PBID**  
**Final Billing Detail Report for Fiscal Year 2020/21**

Account ID	Property ID	DB	Zone 1 Levy	Zone 2 Levy	Other	Total
7271-004-006	7271-004-006-3		\$0.00	\$1,715.02	\$0.00	\$1,715.02
7271-004-010	7271-004-010-7		0.00	1,151.99	(0.01)	1,151.98
7271-005-004	7271-005-004-2		857.51	0.00	(0.01)	857.50
7271-005-008	7271-005-008-8		0.00	1,715.02	0.00	1,715.02
7271-005-009	7271-005-009-7		0.00	1,348.80	0.00	1,348.80
7271-005-010	7271-005-010-4		0.00	996.52	0.00	996.52
7271-006-001	7271-006-001-3		857.51	0.00	(0.01)	857.50
7271-006-002	7271-006-002-2		857.51	0.00	(0.01)	857.50
7271-006-003	7271-006-003-1		857.51	0.00	(0.01)	857.50
7271-006-004	7271-006-004-0		857.51	0.00	(0.01)	857.50
7271-006-007	7271-006-007-7		0.00	961.38	0.00	961.38
7271-006-015	7271-006-015-7		857.51	0.00	(0.01)	857.50
7271-006-019	7271-006-019-3		0.00	1,288.21	(0.01)	1,288.20
7271-006-020	7271-006-020-0		0.00	1,715.02	0.00	1,715.02
7271-007-003	7271-007-003-9		0.00	1,715.02	0.00	1,715.02
7271-008-001	7271-008-001-9		0.00	1,098.66	0.00	1,098.66
7271-008-002	7271-008-002-8		0.00	877.57	(0.01)	877.56
7271-008-003	7271-008-003-7		0.00	1,428.47	(0.01)	1,428.46
7271-008-005	7271-008-005-5		0.00	1,715.02	0.00	1,715.02
7271-008-007	7271-008-007-3		857.51	0.00	(0.01)	857.50
7271-008-008	7271-008-008-2		857.51	0.00	(0.01)	857.50
7271-009-001	7271-009-001-7		0.00	1,715.02	0.00	1,715.02
7271-009-002	7271-009-002-6		0.00	1,041.08	0.00	1,041.08
7271-009-005	7271-009-005-3		857.51	0.00	(0.01)	857.50
7271-009-006	7271-009-006-2		0.00	1,715.02	0.00	1,715.02
7271-009-010	7271-009-010-6		857.51	0.00	(0.01)	857.50
7271-009-011	7271-009-011-5		857.51	0.00	(0.01)	857.50
7271-009-012	7271-009-012-4		857.51	0.00	(0.01)	857.50
7271-010-002	7271-010-002-4		0.00	1,261.47	(0.01)	1,261.46
7271-010-007	7271-010-007-9		857.51	0.00	(0.01)	857.50
7271-010-008	7271-010-008-8		0.00	1,153.56	0.00	1,153.56
7271-010-011	7271-010-011-3		857.51	0.00	(0.01)	857.50
7271-010-012	7271-010-012-2		857.51	0.00	(0.01)	857.50
7271-010-013	7271-010-013-1		0.00	1,098.61	(0.01)	1,098.60
7271-011-004	7271-011-004-0		0.00	1,208.63	(0.01)	1,208.62
7271-011-007	7271-011-007-7		0.00	1,715.02	0.00	1,715.02
7271-012-006	7271-012-006-6		857.51	0.00	(0.01)	857.50
7271-012-009	7271-012-009-3		0.00	1,097.61	(0.01)	1,097.60
7271-012-010	7271-012-010-0		0.00	1,207.69	(0.01)	1,207.68
7271-012-011	7271-012-011-9		0.00	1,206.31	(0.01)	1,206.30

**City of Long Beach**  
**Magnolia Industrial Group PBID**  
**Final Billing Detail Report for Fiscal Year 2020/21**

Account ID	Property ID	DB	Zone 1 Levy	Zone 2 Levy	Other	Total
7271-012-012	7271-012-012-8		0.00	1,207.69	(0.01)	1,207.68
7271-012-013	7271-012-013-7		857.51	0.00	(0.01)	857.50
7271-012-014	7271-012-014-6		0.00	985.82	0.00	985.82
7271-012-017	7271-012-017-3		0.00	1,098.55	(0.01)	1,098.54
7271-012-018	7271-012-018-2		0.00	1,715.02	0.00	1,715.02
7271-012-026	7271-012-026-2		0.00	1,715.02	0.00	1,715.02
7271-013-001	7271-013-001-9		0.00	896.28	0.00	896.28
7271-013-006	7271-013-006-4		0.00	988.65	(0.01)	988.64
7271-013-007	7271-013-007-3		857.51	0.00	(0.01)	857.50
7271-013-008	7271-013-008-2		857.51	0.00	(0.01)	857.50
7271-013-009	7271-013-009-1		857.51	0.00	(0.01)	857.50
7271-013-011	7271-013-011-7		857.51	0.00	(0.01)	857.50
7271-013-012	7271-013-012-6		857.51	0.00	(0.01)	857.50
7271-013-014	7271-013-014-4		857.51	0.00	(0.01)	857.50
7271-013-015	7271-013-015-3		857.51	0.00	(0.01)	857.50
7271-013-017	7271-013-017-1		857.51	0.00	(0.01)	857.50
7271-013-018	7271-013-018-0		0.00	933.72	0.00	933.72
7271-014-001	7271-014-001-7		0.00	988.63	(0.01)	988.62
7271-014-002	7271-014-002-6		0.00	1,715.02	0.00	1,715.02
7271-014-007	7271-014-007-1		857.51	0.00	(0.01)	857.50
7271-014-008	7271-014-008-0		0.00	878.73	(0.01)	878.72
7271-015-004	7271-015-004-1		0.00	1,501.01	(0.01)	1,501.00
7271-015-005	7271-015-005-0		0.00	1,153.64	0.00	1,153.64
7271-015-007	7271-015-007-8		0.00	987.88	0.00	987.88
7271-015-008	7271-015-008-7		857.51	0.00	(0.01)	857.50
7271-015-009	7271-015-009-6		857.51	0.00	(0.01)	857.50
7271-015-010	7271-015-010-3		857.51	0.00	(0.01)	857.50
7271-015-012	7271-015-012-1		857.51	0.00	(0.01)	857.50
7271-015-013	7271-015-013-0		857.51	0.00	(0.01)	857.50
7271-015-014	7271-015-014-9		857.51	0.00	(0.01)	857.50
7271-015-015	7271-015-015-8		857.51	0.00	(0.01)	857.50
7271-015-017	7271-015-017-6		857.51	0.00	(0.01)	857.50
7271-015-800	7271-015-800-7	Y	0.00	896.28	0.00	896.28
7271-016-001	7271-016-001-2		857.51	0.00	(0.01)	857.50
7271-016-003	7271-016-003-0		857.51	0.00	(0.01)	857.50
7271-016-004	7271-016-004-9		0.00	878.33	(0.01)	878.32
7271-016-006	7271-016-006-7		857.51	0.00	(0.01)	857.50
7271-016-007	7271-016-007-6		0.00	1,539.47	(0.01)	1,539.46
7271-016-008	7271-016-008-5		0.00	878.19	(0.01)	878.18
7271-016-009	7271-016-009-4		857.51	0.00	(0.01)	857.50

**City of Long Beach**  
**Magnolia Industrial Group PBID**  
**Final Billing Detail Report for Fiscal Year 2020/21**

Account ID	Property ID	DB	Zone 1 Levy	Zone 2 Levy	Other	Total
7271-016-011	7271-016-011-0		857.51	0.00	(0.01)	857.50
7271-016-012	7271-016-012-9		857.51	0.00	(0.01)	857.50
7271-016-901	7271-016-901-3	Y	0.00	1,715.02	0.00	1,715.02
7271-017-010	7271-017-010-9		0.00	1,715.02	0.00	1,715.02
7271-017-017	7271-017-017-2		0.00	1,158.62	0.00	1,158.62
7271-018-001	7271-018-001-8		857.51	0.00	(0.01)	857.50
7271-018-002	7271-018-002-7		857.51	0.00	(0.01)	857.50
7271-018-006	7271-018-006-3		0.00	988.57	(0.01)	988.56
7271-018-009	7271-018-009-0		857.51	0.00	(0.01)	857.50
7271-018-010	7271-018-010-7		857.51	0.00	(0.01)	857.50
7271-018-012	7271-018-012-5		857.51	0.00	(0.01)	857.50
7271-018-013	7271-018-013-4		857.51	0.00	(0.01)	857.50
7271-018-014	7271-018-014-3		857.51	0.00	(0.01)	857.50
7271-018-015	7271-018-015-2		857.51	0.00	(0.01)	857.50
7271-018-016	7271-018-016-1		857.51	0.00	(0.01)	857.50
7271-018-017	7271-018-017-0		0.00	988.65	(0.01)	988.64
7271-018-018	7271-018-018-9		0.00	961.92	0.00	961.92
<b>97 Accounts</b>			<b>\$42,017.99</b>	<b>\$60,632.45</b>	<b>(\$0.70)</b>	<b>\$102,649.74</b>