

November 9, 2021

C-15

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, 2022 through December 31, 2022, automatically extending the current agreement with the Magnolia Industrial Group, Inc., for a one-year period; and, authorize payment of \$1,753 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 2021-2022 Annual Report (Annual Report), which covers MIG's fiscal year of December 1, 2021 to November 30, 2022, 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 activities.

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

Method of Assessment

The following method is used to determine the 2021-2022 assessment:

- Zone 1 includes all properties under or equal to 20,000 square feet. The annual assessment amount is a flat \$876.29 per property owner.

- Zone 2 includes all properties over 20,000 square feet. The annual assessment amount is $\$876.29 + \0.0157721 for each square foot over 20,000. When the computed assessment is greater than \$1,752.59, the excess is eliminated, and the assessment is reduced to \$1,752.59.

Using this formula, no property owner will be assessed less than \$876.29 or more than \$1,752.59 in 2021-2022. This equates to approximately \$73.02 and \$146.05 per month, respectively.

This matter was reviewed by Deputy City Attorney Amy R. Webber on October 15, 2021 and by Budget Management Officer Nader Kaamouch on October 21, 2021.

TIMING CONSIDERATIONS

City Council action is requested on November 9, 2021, so that Fiscal Year 2022 (FY 22) assessment transfers may be made as required by the Agreement for Funding with MIG.

FISCAL IMPACT

It is estimated that the MIGPBID will generate \$106,651 in FY 22 through the proposed continuation of the assessment. Revenues are generated from property assessments levied on property owners within the MIGPBID area. All revenues are distributed directly to MIG for the implementation of annual programs. The City's FY 22 assessment for City-owned parcels within the MIGPBID is \$1,753. Sufficient appropriation is 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



2021-2022 Annual Report Magnolia Industrial Group Property & Business Improvement District

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

SEPTEMBER 15, 2021

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DISTRICT OVERVIEW

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
Cate Sanchez, Boardmember	(562) 370-5483
Krystal Urzua, Boardmember	(562) 307-7355
Jim Zupanovich, Boardmember Emeritus	(562) 591-5665

METHOD OF ASSESSMENT

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 2021/22 assessment:

- Zone 1 includes all properties under or equal to 20,000 square feet. The 2021/22 annual assessment amount is a flat \$876.29 per property owner.
- Zone 2 includes all properties over 20,000 square feet. The 2021/22 annual assessment amount is \$876.29 + \$0.0157721 for each square foot over 20,000. When the computed assessment is greater than \$1,752.59, the excess is eliminated, and the assessment is reduced to \$1,752.59.

Using this formula, no property owner will be assessed less than \$876.29 or more than \$1,752.59 in 2021/22. This equates to approximately \$73.02 and \$146.05 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 2.19% effective for 2021/22. As such, the maximum rates increased by 2.19% 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:

Fiscal Year	Rate Change	Zone 1 Maximum Assessment	Zone 2 Maximum Rate for Lot Sq Ft > 20,000	Zone 2 Maximum Assessment Limit
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
2021/22	2.19%	846.29	0.0157721	1,752.59

Actual Assessment Rates

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

Fiscal Year	Rate Change	Zone 1 Actual Assessment	Zone 2 Actual Rate for Lot Sq Ft > 20,000	Zone 2 Actual Assessment Limit
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
2021/22	2.19%	846.29	0.0157721	1,752.59

Proposed Changes

For 2021/22, the PBID Board approved a levy at the maximum assessment rates, which was an increase of 2.19% 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

District Budget

The table below shows the 2021/22 budget for the PBID:

Description	Budgeted Amount
Security Patrol	\$64,054.08
Contract Services	17,215.05
Assessment District Services	4,130.29
Accounting	12,500.00
Telephone/Fax	420.00
Insurance	3,600.00
Supplies	300.00
Postage	100.00
Newsletter	7,500.00
Contingency: Clean-up	400.00
Miscellaneous	300.00
Total Costs	\$110,519.42
General Benefit Contribution (1)	(3,868.18)
Amount Assessed to Property Owners	\$106,651.24

(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 2021/22.

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

2021 – 2022 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

The following pages contain the 2021/22 assessment roll for the PBID.

City of Long Beach
Magnolia Industrial Group PBID
Final Assessment Roll for Fiscal Year 2021/22

APN	Owner	APN Lot Sq Ft	Assessment
7271-004-006	LONG BEACH INDUSTRIAL LLC	443,617	\$1,752.59
7271-004-010	KBLB INDUSTRIAL I LLC	39,080	1,177.22
7271-005-004	UNICORN RANCH LLC	17,350	876.29
7271-005-008	AIR PRODUCTS AND CHEMICALS INC	137,187	1,752.59
7271-005-009	LONG BEACH RESCUE MISSION	51,832	1,378.34
7271-005-010	MIGHTY LIGHTY LLC	29,007	1,018.34
7271-006-001	1388 DAISY AVENUE LGB LLC	19,602	876.29
7271-006-002	SQUID ROE LLC	10,454	876.29
7271-006-003	ABAZIS JOHN E & ABAZIS FAMILY TRUST	7,405	876.29
7271-006-004	1368 OREGON AVENUE LLC	8,276	876.29
7271-006-007	HENDERSON ANN R & HENDERSON M COTR HENDERSON TRUST	26,730	982.43
7271-006-015	TUCKER HENRY M & VICTORIA V WATERMAN WENDY A TR ET AL & GLICKSTEEN C	10,530	876.29
7271-006-019		47,906	1,316.42
7271-006-020	ALL FORTUNE GROUP LLC	83,556	1,752.59
7271-007-003	RADER PROPERTIES GROUP 14 LLC	207,782	1,752.59
7271-008-001	CASE FARMS COLLECTIVE	35,625	1,122.72
7271-008-002	AJ MAGMEN LLC	21,300	896.79
7271-008-003	FOODBANK OF SOUTHERN CALIFORNIA	56,994	1,459.76
7271-008-005	MJZ PROPERTIES LLC	94,895	1,752.59
7271-008-007	KERANEN KATHLEEN ET AL TRS & KERANEN TRUST	14,200	876.29
7271-008-008	CORNWALL CHARLES M	7,117	876.29
7271-009-001	L B WESTSIDE MARKETPLACE LLC	100,270	1,752.59
7271-009-002	SUMMIT LEASING WEST LLC	31,894	1,063.88
7271-009-005	KUZNETSOV IRINA	13,500	876.29
7271-009-006	SEVEN J INVESTMENT CO	221,346	1,752.59
7271-009-010	BDAIWI MAHMOUD	5,532	876.29
7271-009-011	TORRES FRANCISCO AND RAQUEL TRS & F AND R TORRES TRUST	5,288	876.29
7271-009-012	KIM JAE HONG CO TR & KIM CHEA TRUST	4,606	876.29
7271-010-002	WEST 15TH LLC	46,174	1,289.10
7271-010-007	MAGDALENO SILVIA	10,685	876.29
7271-010-008	PICARELLI DOMINIC & MARCOGLIESE PICARELLI CLAUDIA	39,182	1,178.83
7271-010-011	RILEY JOHN	7,122	876.29
7271-010-012	FOUR HUNDRED SEVEN GARDENA LLC	15,390	876.29
7271-010-013	B AND C MANAGEMENT LLC	35,622	1,122.68
7271-011-004	HANKE ERIC W AND MARISA L TRS & HANKE FAMILY TRUST	42,750	1,235.10
7271-011-007	READY STORAGE LLC	83,635	1,752.59
7271-012-006	MARTINEZ FLORIZA	14,250	876.29
7271-012-009	CUSA PROPERTIES INC	35,557	1,121.65

Slight variances may occur due to rounding

City of Long Beach
Magnolia Industrial Group PBID
Final Assessment Roll for Fiscal Year 2021/22

APN	Owner	APN Lot Sq Ft	Assessment
7271-012-010	816TH STREET LONG BEACH LLC	42,689	1,234.14
7271-012-011	HYNES ANTHONY W JR CO TR & SPY GLASS TRUST	42,600	1,232.73
7271-012-012	OREGON MAIN LLC	42,689	1,234.14
7271-012-013	809 W 15TH LLC	14,200	876.29
7271-012-014	PAUL GLENN S & PAUL KENNETH	28,314	1,007.41
7271-012-017	BURROWS KIM A & SCOTT S	35,618	1,122.61
7271-012-018	FAEC HOLDINGS 392920 LLC	85,500	1,752.59
7271-012-026	1601 SAN FRANCISCO AVENUE LLC	476,754	1,752.59
7271-013-001	UNDERWOOD ROBERT M CO TR & UNDERWOOD TRUST	22,512	915.90
7271-013-006	1501 1388 DLC LLC	28,497	1,010.30
7271-013-007	TIRAMISU LLC	14,200	876.29
7271-013-008	SCHWOOPS ENTERPRISES LLC	7,100	876.29
7271-013-009	1524 OREGON AVENUE LLC	11,786	876.29
7271-013-011	MIGHTY LIGHTY LLC	10,685	876.29
7271-013-012	PHOU PUN	7,122	876.29
7271-013-014	SIMMONS WILLIAM AND LAURA C TRS & SIMMONS FAMILY TRUST	7,196	876.29
7271-013-015	CAMM JAMES L & CATHERINE P	6,958	876.29
7271-013-017	LAMAR INDUSTRIES INC	17,807	876.29
7271-013-018	16TH AND DAISY	24,938	954.17
7271-014-001	CINCOLA PAMELA J & ETTA M LOOF DECD TRUST	28,496	1,010.28
7271-014-002	J AND B PROPERTIES	141,130	1,752.59
7271-014-004	CINCOLA PAMELA J & PAM CINCOLA TRUST	11,360	876.29
7271-014-006	ESFANDI JOHN AND EDNA TRS ET AL & DAISY AND 17TH LLC	4,050	876.29
7271-014-007	524 W 17TH LLC	10,685	876.29
7271-014-008	ESFANDI JOHN AND EDNA TRS & ESFANDI FAMILY TRUST	21,375	897.97
7271-015-004	PACIFIC INDUSTRIAL & SOCAL INDUSTRIAL PARTNERS LLC	61,694	1,533.89
7271-015-005	ASSOCIATED BREWERS	39,187	1,178.90
7271-015-007	ERNADES FRANK AND BARBARA TRS & ERNADES TRUST	28,447	1,009.51
7271-015-008	BUNTING VINCENT AND KRISTEN TRS & BUNTING FAMILY TRUST	7,125	876.29
7271-015-009	SUNSET LODGE 26 F & AM	7,122	876.29
7271-015-010	TRAN THIEN NGA	10,650	876.29
7271-015-012	1701 MAGNOLIA LLC	10,685	876.29
7271-015-013	KAZEMI FRED	7,122	876.29
7271-015-014	KYSKEYA LLC AND & TRU MED GROUP LLC	6,532	876.29
7271-015-015	ESFANDI JOHN AND EDNA TRS ET AL & 53317TH LLC	14,844	876.29
7271-015-017	FINE QUALITY METAL FINISHING	14,275	876.29

Slight variances may occur due to rounding

City of Long Beach
Magnolia Industrial Group PBID
Final Assessment Roll for Fiscal Year 2021/22

APN	Owner	APN Lot Sq Ft	Assessment
7271-015-800	SO CALIF EDISON CO S B OF E PAR 1 MAP 148-19-306	22,512	915.90
7271-016-001	2820 3RD STREET LLC	14,200	876.29
7271-016-003	740 W ESTHER LLC	14,240	876.29
7271-016-004	GREENVIEW EQUITIES LLC	21,349	897.56
7271-016-006	SB3H1 LLC	7,118	876.29
7271-016-007	CRISSMAN GROUP LLC	64,186	1,573.19
7271-016-008	JEBBIA GLORIA & WAREHOUSE INVESTMENTS LLC	21,340	897.42
7271-016-009	FERGUSON TRACEY & KENRICK G WIRTZ DECD TRUST	7,122	876.29
7271-016-011	PERRY JEFFERY L JR & PERRY JENNIFER L	14,244	876.29
7271-016-012	810 W ESTHER LLC	7,143	876.29
7271-016-901	LONG BEACH CITY	227,200	1,752.59
7271-017-010	GOODWILL INDUSTRIES OF LONG BEACH AND SOUTH BAY	200,338	1,752.59
7271-017-017	JBC SOUTH LLC	39,510	1,184.00
7271-018-001	PATEL JAGDISH V AND HANSA J TRS & PATEL FAMILY TRUST	10,170	876.29
7271-018-002	VAN EENENAAM EDWARD A & ED VAN TRUST	15,311	876.29
7271-018-006	THIRTY FIRST STREET PTNSHP	28,492	1,010.22
7271-018-009	PIARINO HOLDINGS LLC	10,685	876.29
7271-018-010	AVALOS RODOLFO AND MIRIAM TRS & AVALOS FAMILY TRUST	14,248	876.29
7271-018-012	SANMUKH INVESTMENTS INC	12,175	876.29
7271-018-013	OCEAN STRUCTURE INC	12,244	876.29
7271-018-014	BHS COMMUNITY DEVELOPMENT CORP	12,200	876.29
7271-018-015	WALKER ROBERT D	2,750	876.29
7271-018-016	PENN PROPERTIES LLC	17,812	876.29
7271-018-017	BAHMAN GROUP LLC	28,497	1,010.30
7271-018-018	KIM HOWARD W AND HIDY TRS & H W AND H KIM FAMILY TRUST	26,765	982.98
99 Accounts		4,287,043	\$106,651.24
99 Total Accounts		4,287,043	\$106,651.24

Slight variances may occur due to rounding