



Legislation Details (With Text)

File #: 18-1087 **Version:** 1 **Name:** ED/PW - Magnolia Industrial Group D1
Type: Agenda Item **Status:** Approved
File created: 11/26/2018 **In control:** City Council
On agenda: 12/11/2018 **Final action:** 12/11/2018

Title: Recommendation to approve the Magnolia Industrial Group Property and Business Improvement District Annual Report and Assessment for the period of December 1, 2018 through November 30, 2019, automatically extending the current agreement with the Magnolia Industrial Group, Inc., for a one-year period; and, authorize payment of \$1,602 in City property assessments from the General Fund (GF) in the Public Works Department (PW). (District 1)

Sponsors: Economic Development, Public Works

Indexes:

Code sections:

Attachments: 1. 121118-C-7sr&att.pdf

Date	Ver.	Action By	Action	Result
12/11/2018	1	City Council	approve recommendation	Pass

Recommendation to approve the Magnolia Industrial Group Property and Business Improvement District Annual Report and Assessment for the period of December 1, 2018 through November 30, 2019, automatically extending the current agreement with the Magnolia Industrial Group, Inc., for a one-year period; and, authorize payment of \$1,602 in City property assessments from the General Fund (GF) in the Public Works Department (PW). (District 1)

Pursuant to the Property and Business Improvement Law of 1994 (Law), 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 in favor of a new ten-year term, the City Council again re-established the MIGPBID for an additional ten-year term. Under the Law, Magnolia Industrial Group, Inc. (MIG), property owners are assessed an additional fee to pay for supplemental security patrol and the cleanup and removal of items such as weeds, trash, abandoned furniture, and tires within the MIGPBID area.

The Law requires that the MIG, as the MIGPBID Advisory Board, approve and file an Annual Report describing their projected budget and expenditures. The 2018-2019 Annual Report is attached for City Council approval. The levy of assessment will cover the period of December 1, 2018 through November 30, 2019.

The MIGPBID assessment area contains properties owned by private commercial owners and the City. In Fiscal Year 2019 (FY 19), the City assessment is \$1,602, the maximum assessment amount within the MIGPBID, for the Public Works Department’s Public Service Yard.

The Board-approved MIGPBID rate of assessment is based on the square footage of developed property within the boundaries, as shown on the map in Section 5 of the Annual Report. The MIGPBID Management Plan allows up to a 4 percent per year cost-of-living increase in the assessment rate. For FY 19, the assessment rate increased by 1.50 percent. There are no changes proposed to the boundaries, the benefit zones or the assessment methodology of the PBID.

ASSESSMENT FORMULA

The following method is used to determine the FY 19 assessment:

- Zone 1 includes all properties under or equal to 20,000 square feet. The annual assessment amount is a flat \$800.94 per property owner.
- Zone 2 includes all properties over 20,000 square feet. The annual assessment amount is \$800.94 + \$0.0144158 for each square foot over 20,000. When the computed assessment is greater than \$1,601.88, the excess is eliminated and the assessment is reduced to \$1,601.88.

Using this formula, no property owner will pay less than \$800.94 or more than \$1,601.88 annually. This equates to approximately \$66.75 and \$133.49 per month, respectively.

The Law also allows the City to contract with service providers to carry out the MIGPBID program. Since 1996, the City has contracted with MIG, to carry out the security and maintenance program. The current agreement provides that the term be automatically extended on a year-to-year basis upon City Council approval of the Annual Report and related levy of assessments. Per the City Auditor's recommendation in the BID Oversight Audit, the City will re-execute the agreement with MIG to reflect current procedures and other changes deemed necessary. The agreement will be periodically revisited as processes and requirements change to ensure it stays current and relevant.

This matter was reviewed by Deputy City Attorney Amy R. Webber on November 26, 2018 and by Budget Management Officer Rhutu Amin Gharib on November 19, 2018.

The MIGPBID's 2018 contract ends on November 30, 2018. City Council approval of the Annual Report and Assessment is requested on December 11, 2018, to continue the assessment and extend the contract for another year.

It is estimated that the MIGPBID will generate \$93,954 in FY 19 through the proposed continuation of the assessment. Assessment funds are passed directly through to MIG for implementation of annual programs. The estimated MIGPBID revenue includes the City's assessment of \$1,602 for City-owned parcels, which is appropriated in the General Fund (GF) in the Public Works Department (PW). There is no local job impact associated with this recommendation.

Approve recommendation.

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APPROVED:

PATRICK H. WEST
CITY MANAGER