



Legislation Text

File #: 16-0951, **Version:** 1

Recommendation to approve the Downtown Long Beach Property and Business Improvement District Annual Report for the period of January 1, 2017 through December 31, 2017, automatically extending the Agreement for Funding with the Downtown Long Beach Associates for one year; authorize payment of \$541,057 in City property assessments from the Civic Center Fund (IS 380) in the Public Works Department (PW);

Increase appropriations in the Civic Center Fund (IS 380) in the Public Works Department (PW) by \$110,816, offset by a reduction in funds available; and

Increase appropriations in the Parking and Business Area Improvement Fund (SR 132) in the Economic and Property Development Department (EP) by \$203,742, offset by assessment revenues. (Districts 1,2)

The Downtown Long Beach Associates (DLBA) has three established sources of revenue that pass through the City to the organization. These include business operator assessments, property owner assessments and downtown parking meter revenue sharing. This recommended action relates to property owner assessment funds for expenses related to security, maintenance, public relations, special projects, advocacy and economic development in downtown Long Beach. City Council approves the business operator assessment separately. The DLBA's approved Fiscal Year 2017 (FY 17) Budget Narrative, including all sources of revenue, is provided for reference as Exhibit A.

The Downtown Long Beach Property and Business Improvement District (DLBPBID) was established by the City Council on August 4, 1998. On August 7, 2012, City Council re-established the DLBPBID. 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.

On January 12, 2001, the City Council and DLBA executed an Agreement for Funding setting forth the duties and delegations of the parties. This Agreement is automatically extended on a year-by-year basis upon approval of the Annual Report and the related levy of assessments by City Council.

The FY 17 Annual Report, transmitting the recommendations of the DLBA Advisory Board, proposes the following assessment rates:

Method of Assessment

Property and Business Improvement District (PBID) self-assessment fees are collected

through the County of Los Angeles from property owners within a geographical boundary in DTLB. The assessment methodology is based on the parcel and building square footage, and linear footage of the property and the level of services rendered to the benefit areas.

Category	2016/17 Rates	
	Standard	Premium
Frontage	10.64502138	17.19479606
Lot + Building (Com/Gov)	0.046460977	0.051038498
Lot + Building (Parking)	0.030379108	0.034956629
Lot + Building (Non-Profit/Residential)	0.014297239	0.01887476

The DLBA Advisory Board voted on April 20, 2016, to raise assessment rates 3 percent per the allowed CPI adjustment. This is reflected in the attached budget and report. Properties are assessed based upon location within two defined zones in the DLBPBID area. The assessment rate and level of program service provided varies, depending upon the zone in which the property is located. Assessment rates for 2017 are described in Section 6 of Exhibit B. An estimated total property assessment revenue of \$2,472,609 is reported in Section 7. Section 4 of the report shows a DLBPBID budget of \$2,472,609 for the period. Adequate reserve funds (3 percent of estimated revenue) are available to make up any deficit between budgeted expenditures and actual revenue received for the period (Section 4 of Exhibit B).

The DLBPBID assessment area contains properties owned by private commercial and residential property owners, the City of Long Beach and the Long Beach Successor Agency (SA, formerly Redevelopment Agency of Long Beach). In FY 17, the City assessment is \$541,057, of which \$189,696 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 \$360,544. The Successor Agency's assessment is \$6,122, which is approved by the Successor Agency Board separately. City and SA payments together total \$366,666 and represent approximately 15 percent of the total levy of \$2,472,609 for program year 2017. Exhibit C details City and SA-owned properties located within the DLBPBID.

The Property and Business Improvement District Law of 1994 (Law) requires that the DLBA Board of Directors file an Annual Report detailing the DLBPBID assessment methodology and assessment levy filed with Los Angeles County. The subject levy of assessment will cover the DLBPBID contract period with the DLBA from January 1, 2017 through December 31, 2017. The Annual Report of Levy and Assessment is provided as Exhibit B for City Council approval.

The Law also allows the City to contract with service providers to carry out the DLBPBID program. For the past 16 years, the City has contracted with the DLBA to carry out the DLBPBID Management Plan.

This matter was reviewed by Deputy City Attorney Amy R. Webber on September 26, 2016

and by Revenue Management Officer Julissa Josè-Murray on September 30, 2016.

The current DLBPBID contract terminates on December 31, 2016. City Council approval of the Annual Report and related levy of assessment is requested on October 18, 2016, to ensure timely transfer of assessment revenue as required by City contract.

Assessment payments are initially collected in the Parking and Business Area Improvement Fund (SR 132) in the Economic and Property Development Department (EP), on behalf of the DLBPBID. The collected funds are then transferred to the DLBA to complete the duties assigned by the DLBPBID. The estimated pass-through payments of \$2,472,609 are higher than what is currently budgeted in FY 17. Therefore, an appropriation increase of \$203,742 is requested in the Parking and Business Area Improvement Fund (SR 132) in the Economic and Property Development Department (EP), offset by an increase in assessment revenues.

The City's share of the total DLBPBID assessment for FY 17 is \$541,057. Currently, \$430,240 is budgeted in the Civic Center Fund (IS 380) in the Public Works Department (PW) to cover this amount. Therefore, an appropriation increase of \$110,816 is requested in the Civic Center Fund (IS 380) in the Public Works Department (PW), offset by funds available.

The FY 17 assessment amount for all Successor Agency-owned parcels is \$6,122. Sufficient funds for the Successor Agency Assessments are budgeted in the Successor Agency Fund (SA) in the Development Services Department (DV). Approval of this recommendation will provide continued support to the local economy.

Approve recommendation.

KATHRYN MCDERMOTT
INTERIM DIRECTOR OF
ECONOMIC AND PROPERTY DEVELOPMENT

CRAIG BECK
DIRECTOR OF PUBLIC WORKS

APPROVED:

PATRICK H. WEST
CITY MANAGER