



Legislation Text

File #: 22-0605, **Version:** 1

Recommendation to adopt Resolution of Intention to modify the boundaries and renew the Downtown Property and Business Improvement District, set the date of July 19, 2022 for public hearing, receive petitions, authorize City Manager to sign in favor and return the City of Long Beach's ballot; and, designate the Owners' Association. (Districts 1,2)

The State of California Property and Business Improvement District Law of 1994 (Section 33600 et seq. of the California Streets and Highways Code), and Article XIID of the California Constitution (Proposition 218), enables the City of Long Beach (City) to create a property-based assessment district allowing property owners to be assessed for various services beyond those provided by the City, including enhanced maintenance, public safety, beautification, marketing, and economic development programs.

The Downtown Long Beach Property and Business Improvement District (DLBPBID) was established by the City Council in 1998 for a term of five years. The DLBPBID was renewed in 2003 for a term of ten years, and, again in 2012 for an additional ten-year term. Property owners of record in Downtown Long Beach (Downtown) and the Downtown Long Beach Alliance (DLBA) have circulated a petition to initiate special assessment proceedings to modify and renew the DLBPBID for a third ten-year term. The DLBPBID modification and renewal is required to build on the successes accomplished in Downtown due in part to the special assessment revenue generated by the DLBPBID. Since 2012 when the DLBPBID was last renewed, the DLBA has leveraged DLBPBID special assessment revenue to host over 130 signature events, beautify public space by removing approximately 51,000 stickers and instances of graffiti, updated wayfinding signage, provided routine power washing, created 27 temporary parklet spaces and supported 11 sidewalk dining permits, expanded support for people experiencing homelessness, and provided over \$700,000 in grant funding to support small businesses and advance placemaking.

Modification and renewal of the DLBPBID is accomplished through the majority vote of the property owners in favor of the proposed assessment for the new term. Pursuant to the California Constitution, the vote on a proposed special assessment must be weighted according to the proportional financial obligation of the affected properties. The assessment is based upon the special benefits each individual parcel receives as determined by an independent Engineer's Report prepared pursuant to State law. For the DLBPBID to be renewed, a petition signed by the property owners in the proposed district who will pay more than 50 percent of the assessments proposed to be levied must be submitted to the City. Following the submission of this petition, the City Council may initiate proceedings to renew the DLBPBID by the adoption of a Resolution of Intention (ROI) and set a public hearing and issue ballots to each individual parcel owner in the DLBPBID. On April 16, 2022, petitions

signed by property owners who will pay more than 50 percent of the proposed assessments were submitted to the City.

The DLBPBID Management District Plan (MDP) (attached to the Resolution as Exhibit A) details the boundaries of the DLBPBID, the amount and method of assessment for each parcel, and the improvements and activities for which the assessment funds will be used. The MDP was informed by a strategic planning process undertaken in the first half of 2021 by the DLBA that included input from interviews, roundtable discussions, leadership meetings, and an online survey from more than 500 Downtown stakeholders. The strategic planning process was designed and implemented under the guidance of a 35-member committee of stakeholders and DLBA Board of Directors.

The MDP proposes to expand the DLBPBID to the north along the Pacific Avenue corridor to 8th Street and to include the Convention Center building and major walkways in the Rainbow Harbor area. The inclusion of these areas will help support a seamless Downtown visitor experience with continuity of Clean Team (maintenance) services. In addition, Safety Ambassador patrols through areas such as Rainbow Harbor and the Rainbow Lagoon walkways will allow for visitor interaction for informational and hospitality services. Additionally, assessment rates are projected to increase across all parcels that will be levied for the DLBPBID assessment by an average of 34.5 percent. The increase in the assessments is driven by several factors, such as the need for expanded sidewalk pressure washing services, the hiring of a Homeless Outreach Manager to collaborate with social service agencies, local nonprofits, and City departments, increasing pay for the Clean and Safe workers to assist with retaining talent in a competitive labor market, and the hiring of a Business Navigator to expand support for businesses.

If renewed, the DLBPBID will have a ten (10) year life. Special benefit services will begin January 1, 2023, and end December 31, 2032. The City Council will annually review and consider approving the renewal of the levy, budgets, and reports as submitted by the Owner's Association for the DLBPBID. The assessment methodology is projected to generate approximately \$3,782,348 in revenue during the first year. Property owned by the City will be assessed at \$785,156. A summary of the City's parcels and assessments is included in the Downtown Long Beach Property-Based Business Improvement District Management Plan.

The MDP proposes that the DLBA will manage the DLBPBID under contract with the City and shall serve as the Owners' Association per the California Streets and Highways Code Section 36651. The DLBA Board of Directors is required to adhere to the Ralph M. Brown Act. Pursuant to the Streets and Highways Code, Section 36650, the DLBA will also provide the City with an Annual Report. The City will pay its assessment as a parcel owner for the duration of the DLBPBID.

If the City Council adopts the ROI, a formal vote of the property owners (including the City) will be conducted in accordance with State law. This will include written notice of the proposed assessment to the record of owners of all assessed parcels, a voting ballot, and a

statement that a majority protest vote will prevent the assessment's passage. The City will conduct a public hearing on July 19, 2022, to consider the renewal of the DLBPBID, hear all protests or arguments against the proposed assessment, and tabulate the assessment ballots. In tabulating the ballots, each ballot shall be weighted according to the proportional financial obligation of the affected property. The result of the tabulated ballots will be announced prior to the conclusion of the hearing. The City Council's adoption of the ROI also serves to appoint the DLBA Board of Directors as the Owners' Association for the DLBPBID.

This matter was reviewed by Deputy City Attorney Lauren Misajon on May 5, 2022 and by Budget Operations and Development Officer Rhutu Amin Gharib on May 9, 2022.

The current DLBPBID terminates on December 31, 2022. City Council approval is required on May 24, 2022, to allow timely completion of the balloting process and submittal of the levy to the Los Angeles County Assessor before August 10, 2022, for the new ten-year term to begin on January 1, 2023.

Approval of this recommendation would adopt a resolution of intent to renew and authorize the City's ballot in favor of renewing. If the DLBPBID is approved and renewed, the estimated total annual City share of the DLBPBID assessment for Fiscal Year 2023 will be \$785,156, an increase of \$180,983 over the current assessment. This increase is due in part to the proposed expansion of the DLBPBID to include the frontage along the Convention Center building and major walkways in the Rainbow Harbor area.

Of the total amount, \$220,484 will pass through the City and be paid by property management contractor Site Centers for the Pike property development. The remaining assessment of \$564,672 will be paid by various City departments for properties in the General Fund Group, Civic Center Fund Group, Successor Agency Fund Group and Tidelands Operating Fund Group in the estimated amounts by fund of \$253,869, \$108,343, \$1,189 and \$201,271 respectively. Specific impacts at the department level are under review and will be presented to the City Council should the DLBPBID be approved and renewed. Upon annual review, the City Council can increase the property assessment up to five (5) percent based on demonstrated need. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no fiscal or local job impact associated with this recommendation.

Approve recommendation.

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JOHNNY M. VALLEJO
ACTING DIRECTOR
ECONOMIC DEVELOPMENT

APPROVED:

THOMAS B. MODICA
CITY MANAGER