



Legislation Text

File #: 11-0996, **Version:** 1

Recommendation to approve the Downtown Long Beach Property and Business Improvement District Annual Report for the period of January 1, 2012 through December 31, 2012, automatically extending the Agreement for Funding with the Downtown Long Beach Associates for one year; and authorize payment of \$460,860 in City property assessments from the Civic Center Fund (IS 380) in the Department of Public Works (PW). (Districts 1,2)

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. DLBA's Approved FY 11-12 Management Plan and Budget, including all sources of revenue, is provided for reference in Exhibit A.

The Downtown Long Beach Property and Business Improvement District (DLB-PBID) was established by the City Council on August 4, 1998. On July 22, 2003, City Council re-established the DLB-PBID. 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, 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 Assessment Report and related levy of assessments by City Council.

After freezing assessments for the last three consecutive years, the DLBA Board voted on July 20, 2011 to raise assessment rates by 2.5 percent in accordance with the allowed Consumer Price Index (CPI) adjustment. This is reflected in the attached budget and report. Properties are assessed based upon location within three defined zones in the DLB-PBID area. The assessment rate and level of program service provided varies, depending upon the zone in which the property is located. Assessment rates for 2012 are described in Section 6.3 of Exhibit B. Estimated total property assessment revenue of \$1,898,513 is reported in Section 8. Section 5 of the report shows a DLB-PBID budget of \$1,784,509 for the period. Adequate reserve funds (3.8 percent of estimated revenue) are available to make up any deficit between budgeted expenditures and actual revenue received for the period (Section 5 of Exhibit B).

The DLB-PBID assessment area contains properties owned by private commercial property owners, the City of Long Beach, and the Long Beach Redevelopment Agency (RDA). In FY 12, the City assessment is \$460,860, of which \$192,994 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 estimated at \$267,866. The RDA's assessment is estimated at \$55,704, which is

approved by the Redevelopment Agency Board separately. City and RDA payments together total \$516,564 and represent approximately 27 percent of the total estimated levy of \$1,898,513 for program year 2012. Exhibit C details City and RDA-owned properties located within the DLB-PBID.

The Property and Business Improvement District Law of 1994 (Law) requires that the DLBA Board of Directors file an Annual Report detailing the DLB-PBID assessment methodology and assessment levy filed with Los Angeles County. The subject levy of assessment will cover the DLB-PBID contract period with the DLBA from January 1, 2012 through December 31, 2012. 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 DLB- PBID program. For the past ten years, the City has contracted with the DLBA to carry out the DLB-PBID Management Plan.

This letter was reviewed by Chief Assistant City Attorney Heather Mahood on September 12, 2011 and Budget Management Officer Victoria Bell on October 4, 2011.

The current DLB-PBID contract terminates on December 31, 2011. City Council approval of the Annual Report and related levy of assessment is requested on October 18, 2011 to ensure timely transfer of assessment revenue as required by City contract.

The City's assessment for FY 12 is \$460,860. Of this amount, \$192,994 is associated with Pike development property and will be paid to the City by DDR. The City will pay the portion of the assessment attributable to DDR after receipt of those funds from DDR. The balance of the City's assessment, \$267,866, will be paid from the Civic Center Fund (IS 380) in the Department of Public Works (PW). There is no impact to the General Fund and no local job impact associated with the recommendation.

Approve recommendation.

MICHAEL P. CONWAY
DIRECTOR OF PUBLIC WORKS

APPROVED:

PATRICK H. WEST
CITY MANAGER