



Legislation Text

File #: 16-1036, **Version:** 1

Recommendation to approve the Magnolia Industrial Group Property and Business Improvement District Annual Report and Assessment for the period of December 1, 2016 through November 30, 2017, automatically extending the current agreement with the Magnolia Industrial Group, Inc., for a one-year period; and authorize payment of \$1,511 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 assess themselves 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 MIG 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 2016-2017 Annual Report is attached for City Council approval. The levy of assessment will cover the period of December 1, 2016 through November 30, 2017.

The MIGPBID assessment area contains properties owned by private commercial owners and the City. In Fiscal Year 2017 (FY 17), the City assessment is \$1,511 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 attached Annual Report. The MIGPBID Management Plan allows up to a 4 percent per year cost-of-living increase in the assessment rate. For FY 17, the MIG Board voted to not increase the assessment.

Method of Assessment

The following method is used to determine the FY 17 assessment:

- Zone 1 includes all properties under or equal to 20,000 square feet. The annual assessment amount is a flat \$755.66 per property owner.
- Zone 2 includes all properties over 20,000 square feet. The annual assessment amount is

\$755.66 + \$0.0136009 for each square foot over 20,000. When the computed assessment is greater than \$1,511.32, the excess is eliminated and the assessment is reduced to \$1,511.32.

Using this formula, no property owner will pay less than \$755.66 or more than \$1,511.32 annually. This equates to approximately \$62.97 and \$125.94 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 Assessment Report (included in the Annual Report) and related levy of assessments.

This matter was reviewed by Deputy City Attorney Amy R. Webber on October 13, 2016 and by Budget Analysis Officer Julissa Josè-Murray on October 19, 2016.

The MIGPBID's 2016 contract ends on November 30, 2016. City Council approval of the Annual Report and Assessment is requested on November 22, 2016, to continue the assessment and extend the contract for another year.

It is estimated that the MIGPBID will generate \$88,642 in FY 17 through the proposed continuation of the assessment. The Economic and Property Development Department (EP) will be requesting a midyear budget adjustment for City pass-through payments to MIGPBID as part of the second quarter budget adjustment process. The estimated MIGPBID revenue includes the City's assessment of \$1,511 for City-owned parcels, which will be absorbed in the General Fund (GF) in the Public Works Department (PW). Approval of this recommendation will result in a positive local job impact.

Approve recommendation.

[Enter Body Here]

KATHRYN MCDERMOTT
INTERIM DIRECTOR OF
ECONOMIC AND PROPERTY DEVELOPMENT

CRAIG BECK
DIRECTOR OF PUBLIC WORKS

APPROVED:

PATRICK H. WEST
CITY MANAGER

