



Legislation Text

File #: 17-1009, **Version:** 1

Recommendation to approve the Downtown Long Beach Property and Business Improvement District Annual Report for the period of January 1, 2018 through December 31, 2018, automatically extending the Agreement for Funding with the Downtown Long Beach Alliance for one year; authorize payment of \$531,523 in City property assessments from the Civic Center Fund (IS 380) in the Public Works Department (PW); and, \$5,398 from Successor Agency Fund (SA) in the Development Services Department (DV); and

Increase appropriations in the Civic Center Fund (IS 380) in the Public Works Department (PW) by \$101,282, offset by a reduction in funds available. (Districts 1,2)

Downtown Long Beach Alliance (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 2017-18 Budget Narrative, including all sources of revenue, is provided for reference in 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, the 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 the City Council.

The Fiscal Year 2018 Annual Report, transmitting the recommendations of the DLBA 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 Downtown Long Beach. 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. There are no proposed changes to the boundaries, benefit zone or assessment methodology for the PBID.

Category	Actual Rates 2017/18	
	Standard Zone	Premium Zone
Frontage	10.9643720162	17.7106399477
Lot + Building (Com/Gov)	0.0478548062	0.0525696531
Lot + Building (Parking)	0.0312904814	0.0360053283
Lot + Building (Non-Profit/Residential)	0.0147261565	0.0194410034

The DLBA Board voted on May 4, 2017, 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 2018 are described in Section 6 of Exhibit B. An estimated total property assessment revenue of \$2,538,732 is reported in Section 7. Section 4 of the report shows a DLBPBID budget of \$2,538,732 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 18, the City assessment is \$536,921. Of this assessment, \$195,387 is related to Pike property development and will be paid to the City by Developers Diversified Realty (DDR), as required by their lease. The City will forward those funds to DLBPBID to fund that portion of the assessment. Also included is a SA property assessed at \$5,398, which will be paid by the City using SA funds. The City's assessment, less the Pike Property and the SA property, is \$336,135. City and SA payments together total \$341,533 and represent approximately 13 percent of the total levy of \$2,538,732 for program year 2018. 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, 2018 through December 31, 2018. 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 17 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 October 16, 2017 and

by Budget Analysis Officer Julissa Jose-Murray on October 20, 2017.

The current DLBPBID contract terminates on December 31, 2017. City Council approval of the Annual Report and related levy of assessment is requested on November 7, 2017, to ensure timely transfer of assessment revenue as required by City contract.

It is estimated that the DLBPBID will generate \$2,538,732 in FY 18 through the proposed continuation of the assessment. Assessment funds are collected through additional fees attached to property owner assessment payments in the DLBPBID area. All revenues are passed directly through to the DLBA for implementation of annual programs.

The total City share of the DLBPBID assessment for FY 18 is \$536,921. The Public Works Department is responsible for \$531,523 of the assessment. Currently, \$430,240 is budgeted in the Civic Center Fund (IS 380) in the Public Works Department (PW) to cover this amount. An appropriation increase of \$101,283 is requested in the Civic Center Fund (IS 380) in the Public Works Department (PW), to cover the unbudgeted portion of the assessment, offset by funds available.

The FY 18 assessment amount for all Successor Agency-owned parcels is \$5,398. Sufficient funds for the Successor Agency assessments are budgeted in the Successor Agency Fund (SA) in the Development Services Department (DV). There is no local job impact associated with this recommendation.

Approve recommendation.

JOHN KEISLER
DIRECTOR OF ECONOMIC DEVELOPMENT

CRAIG BECK
DIRECTOR OF PUBLIC WORKS

APPROVED:

PATRICK H. WEST
CITY MANAGER