



Legislation Text

File #: 19-0047, **Version:** 2

Recommendation to approve the Midtown Business Improvement District Annual Report and Assessment for the period of January 1, 2019 through December 31, 2019, automatically extending the current agreement with the Midtown Property and Business Owners Association for a one-year period; and, authorize payment of \$25,256 in City property assessments from the General Fund. (Districts 4,6)

Pursuant to the Property and Business Improvement Law of 1994 (Law), the Midtown Business Improvement District (MBID) was established by the City Council in 2015 for a five-year period. Under the Law, Midtown Property and Business Owners Association (MPBOA) property owners are assessed an additional fee to pay for various services beyond those provided by the City, including enhanced maintenance, public safety, beautification, marketing, and economic development programs within the MBID area.

The Law requires that the MPBOA Advisory Board (Board) approve and file an Annual Report describing their projected budget and expenditures. The Fiscal Year 2019 (FY 19) Annual Report is attached for City Council approval (Attachment A). The levy of assessment will cover the period of January 1, 2019 through December 31, 2019. There are no proposed changes to the boundaries, benefit zones, or assessment methodology of the MBID.

The Board-approved MBID rate of assessment is based on parcel size and use, as shown in Section 6 of the Annual Report. The MBID Management Plan allows up to a 4 percent annual cost-of-living increase in the assessment rate. For FY 19, the MBID Board voted to maintain the assessment at the same rate as in FY 18.

ASSESSMENT FORMULA

The MBID assessment area contains properties owned by private commercial owners and the City of Long Beach (City). The original assessment engineer determined the assessment should be allocated based on two parcel characteristics: lot square footage and building square footage. The original assessment rate per assessable square foot was \$0.0836. Assessable square foot is the sum of lot square footage and building square footage. Per the original engineer's report, "the assessment calculation is the same for every parcel in the PBID." The FY 19 assessment rate remained the same as the prior year at \$0.0836 per assessable square foot.

The table below shows the historical assessment rates:

Year	Rate per Assessable Square Foot	Rate Change
2016/17	\$0.0836	0.00%
2017/18	\$0.0836	0.00%
2018/19	\$0.0836	0.00%

The Law also allows the City to contract with service providers to carry out the MBID program. Since 2015, the City has contracted with MPBOA to carry out the MBID programs. 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. Per the City Auditor’s recommendation in the BID Oversight Audit, the City will re-execute the agreement with MPBOA to reflect current procedures and other changes deemed necessary. The agreement will be periodically revisited as processes and requirements change to ensure it stays current and relevant.

This matter was reviewed by Deputy City Attorney Amy R. Webber on December 4, 2018 and by Budget Management Officer Rhutu Amin Gharib on December 7, 2018.

The MBID’s 2018 contract ended on December 31, 2018. City Council approval of the Annual Report and Assessment is requested on February 12, 2019, to continue the assessment and extend the contract for another year.

It is estimated that the MBID will generate \$160,862 in FY 19 through the proposed continuation of the assessment. The estimated MBID revenue includes a FY 19 assessment of \$25,256 for City-owned parcels. Sufficient funds have been budgeted in the General Fund (GF) in the Economic Development Department (ED), Parks, Recreation and Marine Department (PR), and Library Services Department (LS) for the assessment payment, as outlined in Attachment B. Approval of this recommendation will provide continued support to the local economy.

Approve recommendation.

JOHN KEISLER
DIRECTOR OF ECONOMIC DEVELOPMENT

APPROVED:

PATRICK H. WEST
CITY MANAGER

