

July 19, 2022

H-17

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Receive supporting documentation into the record, concluding the public hearing to consider the renewal of the Midtown Business Improvement District (MBID); direct the City Clerk to tabulate the ballots and report the results of the tabulation to the Mayor and City Council during the July 19, 2022 meeting; and, if a majority of ballots received are in favor of the renewal of the MBID, adopt the Resolution to renew the MBID for a term of 10 years, effective January 1, 2023 through December 31, 2032. (District 6)

DISCUSSION

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 to create a property-based assessment district allowing property owners to be assessed for various services beyond those provided by the City of Long Beach (City), including enhanced maintenance, public safety, marketing, and economic development programs. All properties located within the Midtown Business Improvement District (MBID) that receive special benefits, as determined by the Engineer's Report, must be allocated a proportional share of the assessment.

Property owners of record located in the MBID, who will pay more than 50 percent of the proposed assessment, have submitted petitions to the City for the renewal of the MBID. Renewal of the MBID is accomplished through a 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.

The MBID Management District Plan (MDP) (Resolution, Exhibit A) details the boundaries of the MBID, the method of assessment for each parcel, and the improvements and activities for which the assessment funds will be used. If renewed, the MBID 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 annual assessment of the levy, budgets, and reports as submitted by the Owners' Association for the MBID. The assessment methodology will generate approximately \$158,944 in revenue for the MBID during the first year. Property owned by the City will be assessed at \$22,499.

HONORABLE MAYOR AND CITY COUNCIL

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

As approved by the City Council on May 24, 2022, and to comply with the California Constitution, a notice of assessment and an assessment ballot were mailed to property owners who are proposed to be assessed. During the public hearing held at the City Council meeting on July 19, 2022, an independent third party will tabulate the ballots, and will return to City Council later during the July 19, 2022 meeting to announce the results. If a majority of ballots received are in favor of the renewal of the MBID, the City Council may proceed with the adoption of the Resolution renewing the MBID. If a majority of the ballots received do not support the renewal of the MBID, then the MBID cannot be renewed.

This matter was reviewed by Deputy City Attorney Lauren Misajon on June 23, 2022 and by Budget Operations and Development Officer Rhutu Amin Gharib on June 27, 2022.

TIMING CONSIDERATIONS

City Council action is requested on July 19, 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.

FISCAL IMPACT

If the MBID is approved and renewed it will generate approximately \$158,944 in its first year through the assessment. The estimated total annual City share of the MBID assessment for Fiscal Year 2023 (FY 23) would be \$22,499 which is not currently budgeted in the FY 23 budget. The assessments will be paid by various City departments for properties in the General Fund Group. The Economic Development Department is responsible for \$5,676, the Library Services Department is responsible for \$4,120, and the Parks, Recreation, and Marine Department is responsible for \$12,703. Should the assessments need to be paid, the responsible departments may return to the City Council for a future budget adjustment, as needed. Upon annual review, per the MDP, the City Council can increase the property assessment up to four (4) percent per year based on demonstrated need. This recommendation has no staffing impact beyond the budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

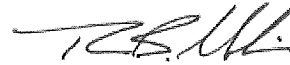
Respectfully submitted,



JOHNNY M. VALLEJO
ACTING DIRECTOR
ECONOMIC DEVELOPMENT

ATTACHMENT: RESOLUTION

APPROVED:



THOMAS B. MODICA
CITY MANAGER

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RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH RENEWING THE MIDTOWN BUSINESS IMPROVEMENT DISTRICT, FIXING THE BOUNDARIES THEREOF AND PROVIDING FOR THE LEVY OF ASSESSMENT

The City Council of the City of Long Beach resolves as follows:

Section 1. This resolution is made and enacted pursuant to the provisions of the Property and Business Improvement District Law of 1994 (Section 36600, et seq. of the California Streets and Highways Code, hereinafter sometimes referred to as “the law”).

A. On May 24, 2022, the City Council of the City of Long Beach adopted Resolution No. RES-22-0083, entitled “A Resolution Of Intention of the City Council of the City Of Long Beach Declaring the Intention of the City Council to Renew the Midtown Business Improvement District; Fixing the Time and Place of a Public Hearing and to Receive Petitions; Giving Notice Thereof; Authorizing the City Manager to Sign in Favor and Return the City’s Ballot; and to Designate the Owners’ Association”.

B. Pursuant to California Constitution Article XIII D, ballots were mailed to the property owners within the proposed boundaries of the Midtown Business Improvement District (the “District”).

C. Further, pursuant to Resolution of Intention, Resolution No. RES-22-0083, a public hearing concerning the formation of said District was held before the City Council of the City of Long Beach on July 19, 2022, at the hour of 5:00 p.m. in the City Council Chambers of City Hall of the City of Long Beach.

1 D. All written and oral protests made or filed were duly heard,
2 evidence for and against the proposed action was received, and a full, fair
3 and complete hearing was granted and held.

4 E. At the conclusion of the public hearing, the tabulation of the
5 ballots was performed and among those ballots returned to the City, a
6 weighted majority of the property owners within the District have approved
7 the formation of the District.

8 F. That following such hearing, the City Council did and does
9 hereby find that the properties and businesses lying within the property and
10 business improvement district herein created, in the opinion of the City
11 Council, will be benefitted by the expenditures of funds raised by the
12 assessment or charges proposed to be levied hereunder.

13 G. A copy of the Management District Plan is attached as Exhibit
14 "A" hereto ("Management District Plan").

15 Section 2. That pursuant to said law a property and business
16 improvement district is hereby renewed for a term of ten years, effective January 1, 2023
17 through December 31, 2032, in the City of Long Beach as herein set forth and that all
18 properties in the district established by this resolution shall be subject to any
19 amendments made hereafter to the law or to other applicable laws.

20 Section 3. That the boundaries of the property and business
21 improvement district, the activities and improvements to be funded, and the amount of
22 the proposed assessments shall be as indicated in Exhibit "A". No bonds will be issued
23 under the Management District Plan.

24 Section 4. That the City Council hereby levies and imposes and orders
25 the collection of an annual assessment to be imposed upon properties in the proposed
26 property and business improvement district described above. Such annual assessment
27 shall be equal to the amounts set forth in Exhibit "A".

28 Section 5. That the Management District Plan, attached hereto as Exhibit

1 "A", is hereby approved.

2 Section 6. That the improvements and activities to be provided in the
3 property and business improvement district shall be funded by the levy of assessments
4 and that the proposed uses to which the proceeds of the annual assessment shall be put
5 are limited to those set forth in California Streets and Highways Code Sections 36600 et
6 seq., as amended. The revenue from the levy of assessments within the District shall not
7 be used to provide improvements, maintenance, or activities outside the District or for
8 any purpose other than the purposes specified in Exhibit "A".

9 The City Council of the City of Long Beach shall have sole discretion as to
10 how the revenue derived from said assessments is to be used within the scope of the
11 above purposes; provided, however, it shall consider recommendations as to the use of
12 said revenue made by the Midtown Property and Business Owners Association
13 ("MPBOA"), which has been previously designated as the "Owners' Association" for the
14 District.

15 Section 7. If any section, subsection, sentence, clause or phrase of this
16 resolution is for any reason held to be invalid or unconstitutional by the decision of any
17 court of competent jurisdiction, such decision shall not affect the validity of the remaining
18 portions of the resolution. The City Council hereby declares that it would have passed
19 this resolution and each section, subsection, sentence, clause and phrase hereof,
20 irrespective of the fact that any one or more of the sections, subsections, sentences,
21 clauses or phrases hereof be declared invalid or unconstitutional.

22 Section 8. This resolution shall take effect immediately upon its adoption
23 by the City Council, and the City Clerk shall certify to the vote adopting this resolution.

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OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
411 West Ocean Boulevard, 9th Floor
Long Beach, CA 90802-4664

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I hereby certify that the foregoing resolution was adopted by the City Council of the City of Long Beach at its meeting of _____, 2022, by the following vote:

Ayes: Councilmembers: _____

Noes: Councilmembers: _____

Absent: Councilmembers: _____

Recusal(s): Councilmembers: _____

City Clerk



EXHIBIT "A"

CITY OF LONG BEACH

Management District Plan For:

Midtown Business Improvement District

March 2022

Prepared by:



nbsgov.com

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1. EXECUTIVE SUMMARY

1.1 Midtown Business Improvement District

In 2015, owners of property along East Anaheim Street from Alamitos Avenue to Raymond Avenue in the City of Long Beach (the “City”), and the City of Long Beach City Council (the “City Council”) approved the formation of the Midtown Business Improvement District – a property and business improvement district, pursuant to the Property and Business Improvement District Law of 1994 – for a five-year period (the “2015 PBID”). Since formation, the nonprofit Midtown Property and Business Owners Association (the “Association”) has been working with the community to provide certain services and activities (the “Services and Activities”) that benefit properties located within the 2015 PBID, as described in Section 4 of this report.

After a two-year lapse in authority due to the COVID-19 pandemic, in 2022, property owners in the 2015 PBID will be asked to establish the funding for the Services and Activities provided throughout the renewed Midtown Business Improvement District (the “District”) for an additional 10-year period. Based on the success of the prior district, Property owners have shown support to renew the District through Fiscal Year 2031/32 to continue funding these vital programs and activities.

1.2 Goals of the Midtown Business Improvement District

The District’s mission is to bring people together and help businesses succeed. Different cultures permeate the neighborhood and work, eat, shop, and experience life together each and every day. Our spirit of togetherness is what keeps us constantly striving to make our community safer, cleaner, and better for every employer and visitor.



1.3 Management District Plan Overview

The Management District Plan is the result of the work of the Association, which is dedicated to improving the Midtown area for the benefit of property owners and the community. This Management District Plan focuses on proposed activities and improvements within the boundaries of the District only and includes a boundary, annual budget, assessment methodology, and district management guidelines. For definitions, descriptions, and calculations of special benefits relative to the District, that information can be found in the Engineer’s Report attached as Appendix C.

2. DISTRICT AT A GLANCE

Property owners established the existing 2015 PBID for a five-year operational term. Based on the success of the prior district, property owners have shown support to establish the District with certain adjustments to the assessment methodology.

2.1 District Boundaries

The proposed District boundary includes the property described below:

- Property fronting East Anaheim Street from Alamitos Avenue on the west to Raymond Avenue on the east (including APNs 7267-001-900, 7267-001-901, and 7267-001-902);

There are 85 assessable properties, 20,920 linear front feet, 557,515 building square feet, and 1,366,675 lot square feet within the District.

Refer to Appendix A of this Management District Plan for the assessment diagram that more fully provides a description of the District's boundaries.

2.2 Services and Activities

The Services and Activities described in this Management District Plan include the provision of the Clean, Safe, Beautiful Programs, the Marketing and Communication Program, as well as various management activities to support those efforts, as further described in Section 4, herein.

2.3 Annual Total Budget and Assessments

The total proposed annual budget for Fiscal Year 2022/23 is \$166,790. Anticipated assessment revenue of \$158,943.92 will provide 95.30% of the annual operating budget. The remaining portion of the annual budget will be generated from sources other than assessments, such as contributions, fundraising, grants, donations, or other revenues.

Any surplus monies from the existing 2015 PBID as of December 31, 2020, to be carried over, can only be used to benefit those same properties within the District. If this is not practical, such surplus monies will be refunded to property owners in the 2015 PBID in proportion to how they were assessed under the 2015 PBID.

The assessment calculation for each property utilizes a combination of land use, street front footage, building square footage, and lot square footage. Section 6 of this Management District Plan provides a more detailed procedure of the annual assessment calculation.

2.4 Term

If renewed, assessments would be collected for ten years (July 1, 2022 through June 30, 2032). Expenditure of those collected assessments can continue for up to six months after the end of the assessment collection period (December 31, 2032), at which point the District would terminate if not renewed again.

3. BACKGROUND

Property owners establish special assessment districts to provide a constant funding source for various improvements, maintenance, and activities that benefit properties within a defined geographical area. The improvements, maintenance, and activities can include providing enhanced cleaning and maintenance services, improving security, providing for marketing activities to promote and revitalize an area, and other programs found to benefit an area. The ongoing revenue stream for the improvements, maintenance, and activities comes from the annual assessments funded by properties within the special assessment district. The process by which special assessment districts are formed is outlined below.

3.1 What is a Property and Business Improvement District?

A Property and Business Improvement District (“PBID”) is a special assessment district that provides for the levy and collection of assessments on properties within a geographically defined area. Assessment revenue collected from the benefitting properties pays the costs associated with the improvements, maintenance, and activities provided to such area. The legislation that allows for the establishment of a PBID is the Property and Business Improvement District Law of 1994 (commencing with Section 36600 of the California Streets and Highways Code) (the “Law”).

An owners’ association administers a PBID established under the Law. The owners’ association is a private non-profit entity that is under contract with a city to administer or implement the services and activities specified in the management district plan. The owners’ association shall make a recommendation to the City Council on the expenditure of revenues derived from the levy of assessments, on the classification of properties applicable, and on the method and basis of levying the assessments. The owners’ association shall also cause a report to be prepared each fiscal year, which includes the amount of assessments to be levied and collected.

The City Council must authorize the formation and establishment of a PBID and the City will enter into a written agreement with the owners’ association and provide for the levy and collection of the annual assessments.

3.2 Establishing a Management District Plan

The Law provides the legal framework for establishing a PBID. As part of the formation proceedings, proponents prepare a Management District Plan in accordance with Section 36622 of the Law. The Management District Plan must contain, but is not limited to, the following required elements:

1. A map of the district in sufficient detail to locate each parcel of property within the district;
2. The name of the proposed district;
3. A description of the boundaries of the district, including the boundaries of any benefit zones, proposed for the establishment or extension of the district in a manner sufficient to identify the lands included. The boundaries of a proposed district shall not overlap with the boundaries of another existing district created pursuant to the Law. The Law does not prohibit the boundaries of a district created pursuant to the Law to overlap with other assessment districts established

pursuant to other provisions of law including, but not limited to, the Parking and Business Improvement Area Law of 1989;

4. The improvements and activities proposed for each year of operation of the district and the maximum cost thereof;
5. The total annual amount proposed to be expended for improvements, maintenance and operations;
6. The proposed source or sources of financing, including the proposed method and basis of levying the assessment in sufficient detail to allow each property owner to calculate the amount of the assessment to be levied against his or her property;
7. The time and manner of collecting the assessments;
8. The specific number of years in which assessments will be levied. In a new district, the maximum number of years shall be five. Upon renewal, a district shall have a term not to exceed 10 years;
9. The proposed time for implementation and completion of the management district plan;
10. Any proposed rules and regulations to be applicable to the district.
11. A list of the properties to be assessed, including assessor's parcel numbers for properties to be assessed, and a statement of the method or methods by which the expenses of a district will be imposed upon benefited real property, in proportion to the benefit received by the property, to defray the cost thereof, including operation and maintenance;
12. Any other item or matter required to be incorporated therein by the City Council.

3.3 PBID Name Designation

The name designation of this proposed PBID is the Midtown Business Improvement District (the "District").

3.4 Timeline for Implementation and Completion of the District

If approved, the District assessment will be effective beginning July 1, 2022 and ending June 30, 2032. District operations will begin in January 2023 and end in December 2032.

4. DESCRIPTION OF SERVICES AND ACTIVITIES

The District will fund certain services and activities described below, which are collectively referred to as the “Services and Activities.”

4.1 Clean, Safe, Beautiful Programs

The District will supplement certain services provided by the City through comprehensive Clean, Safe, Beautiful Programs that are designed to improve the safety and cleanliness of sidewalks, curbs, and street fixtures within the District boundaries. The goal of the Clean, Safe, Beautiful Programs is to retain tenants, increase occupancy rates, and stimulate commerce within the District.

4.1.1 CLEAN AND BEAUTIFUL PROGRAM

Beginning in 2019, the Association partnered with the Downtown Long Beach Alliance, to provide for sidewalk sweeping and pressure washing services, graffiti removal services, as well as the removal of trash, debris, and recyclables from District sidewalks and gutters. Pressure washing of sidewalks along the north and south sides of Anaheim Street will occur once per week. Graffiti removal will occur as needed, with prompt response on weekdays aimed at removing tags within 24 hours. Additionally, the Downtown Long Beach Alliance will provide trash and debris removal services three times per week.

The Association has developed a partnership with The Conservation Corps of Long Beach, which is a paid training program specifically geared towards educating and training at risk youth ages 18-25 that are working towards a high school diploma or pursuing post-secondary education. This partnership provides for the organization of electronic waste recycling on a quarterly basis. The Association has also developed a partnership with the Midtown Neighborhood Association and the Cambodia Town Neighborhood Association to perform monthly neighborhood clean-ups where trash and unwanted furniture along Anaheim Street are collected and disposed of.

The Go Long Beach app, which is funded by the City and not via the District assessment, is also used for reporting bulk waste and graffiti with an average response time of 24 hours.

4.1.2 LANDSCAPE MAINTENANCE

The Association has also partnered with the Downtown Long Beach Alliance to provide landscape maintenance services within the boundaries of the District along Anaheim Street. These landscaping services, which include the maintenance of tree wells and weed abatement services, are performed three times per week.

4.1.3 FAÇADE IMPROVEMENTS

The Association assists property and business owners in the area with facilitating façade improvements by helping them apply for the City’s existing Commercial Improvement Rebate Program. The program allows businesses/owners to participate in the program without having to pay in advance. With the support of the Association, several property owners within the District have been able to improve the frontages of their businesses as a result of participation in the City’s program.

4.1.4 SAFE TEAM

The Clean, Safe, Beautiful Program will include private security patrols by Platt Security. Security patrols will be ongoing between 9:00am – 5:00pm, Monday through Saturday of each week. Platt Security and the Association will coordinate their efforts with the Long Beach Police Department (LBPD). The goal of these services is to create a visible deterrent to criminal activity, and to encourage shoppers, visitors, and tenants to visit the area. Platt Security will update the Association weekly to ensure the Association is kept informed on ongoing security patrols. The Association also receives monthly reports which overview security concerns and assist the Association in keeping the Midtown community safe.

4.2 Marketing and Communication Program

The Marketing and Communication Program has been established in order to increase awareness of the District and all of its programs. Initial marketing efforts included the establishment of a logo, branding, community involvement, event involvement, and social media outreach.

Economic development activities will include working with potential business tenants, developers, banks, and government agencies to attract new businesses to Midtown. The Association works to create a unified voice which communicates and advocates on behalf of the District’s property owners to various government agencies. The goal is to benefit property owners by increasing occupancy rates and commerce. The Association anticipates working closely with City officials to assist, in any way, with improving the economic vitality of the District.



The Association will also continue to reach out to the community and participate in special event coordination within the District. Some events are coordinated in conjunction with the City, Neighborhood Associations, and other local organizations. The Association prepares a quarterly newsletter which highlights local businesses as well as resources and opportunities available to property owners within the District. The Association also holds monthly meetings regarding District operations that are open to the public.

4.2.1 COMMUNICATION AND PUBLIC RELATIONS

The Association plays a central communications role and spends considerable time addressing community meetings, working as a problem solver, and speaking to the media in representing the District and its objectives for community betterment.

Regular activities and initiatives include:

- Newsletter provided regularly to property and business owners
- Ongoing media relations
- Coordination of services among merchants and the public sector
- Maintenance of District website with useful and important links
- Regular attendance at community and City meetings
- Participation on committees of neighborhood organizations
- Event promotion and coordination
- Establishment of District banners and signage
- Social media marketing

4.2.2 ADVOCACY

The purpose of advocacy is to promote the District as a clean, safe, and vibrant area. This goes well beyond the marketing programs that create image and visibility and, in fact, advocate for services and resources that increase the area's perceptions as a friendly, clean, and exciting place for dining, shopping, entertainment, and investing in business opportunities and properties. Advocacy is intended to support business growth, which can be especially advantageous during periods of economic recession.

4.2.3 SPECIAL COMMUNITY EVENTS

The Association regularly assists in the hosting or sponsoring of several important community events year-round including, but not limited to the:

- Cambodia Town Annual Culture Festival
- Martin Luther King Parade
- Angel's Gift Event
- AOC7 Annual Literacy Fair

These events have come to be well-known and loved by the community and visitors of Midtown. Events hosted or sponsored by the Association have become a vital component of the District's identity.



4.3 Administration

The District will also incur costs for staff time and expenses related to managing the above programs and related administrative costs. For example, these tasks will include oversight and coordination of both District and contractor-provided services, annual assessment roll preparation, addressing property owner questions and concerns, adherence to the Management District Plan, and compliance with audit/reporting requirements. These activities are directly related to the programs provided within the District, and without them, the programs could not be efficiently carried out on an ongoing basis.

Administration also includes efforts to work on behalf of the District to ensure City and County services and policies support the District. District funds for Administration may also be used to establish and/or renew the District. A well-managed District provides necessary oversight and guidance that produces higher quality and more efficient programs.

5. ANNUAL AMOUNT TO BE COLLECTED AND EXPENDED

The budget for the first operating year of the District (January 1, 2023 through December 31, 2023) is as follows:

| Description | Fiscal Year 2022/23 Budget |
|---|-------------------------------|
| Clean, Safe, Beautiful Programs | \$99,438.00 |
| Marketing and Communication Program | 28,606.00 |
| Total Operating Costs | \$128,044.00 |
| Administration Costs ⁽¹⁾ | 38,746.00 |
| Total Operating and Administration Costs | \$166,790.00 |

⁽¹⁾ Includes costs of the Association staff, administration, and County Auditor/Controller fees.

The 2022/23 operating budget will be funded as follows:

| Description of Revenue Source | Fiscal Year 2022/23 Revenue |
|---|--------------------------------|
| Assessment Revenue | \$158,943.92 |
| Contributions for General Benefit (4.70% of Operating Costs) ⁽¹⁾ | 7,846.08 |
| Total Annual Revenue | \$166,790.00 |

⁽¹⁾ Comprised of additional funds generated from sources other than assessments. Refer to the Engineer's Report for an explanation of General Benefit. The General Benefit percentage only applies to the Total Operating Costs and not the Administration Costs, as noted in the Engineer's Report.

Each fiscal year, beginning with Fiscal Year 2023/2024, the maximum allowable assessment rate per Special Benefit Point may increase by up to four percent (4.00%) based on demonstrated need and a recommendation by the Association in its annual report to the City Council. The annual assessment cannot exceed the actual costs to operate the District in any given year.

Based upon a maximum possible annual assessment increase of 4.0%, beginning July 1, 2023, the total annual maximum assessment revenue for each of the 10-years of the District's proposed renewed term is described in the table on the following page.

In any given year, the assessments may be levied at any rate sufficient to meet the estimated budget, as long as the actual rates do not exceed the maximum allowable assessment rates for that year.

The total annual maximum assessment revenue generated throughout the proposed renewed term of the District is as follows:

| Fiscal Year | Total Maximum Annual Assessment Revenue ⁽¹⁾ | Fiscal Year | Total Maximum Annual Assessment Revenue ⁽¹⁾ |
|---------------|--|-------------|--|
| 2022/2023 | \$158,943.92 | 2027/2028 | 193,379.58 |
| 2023/2024 | 165,301.68 | 2028/2029 | 201,114.76 |
| 2024/2025 | 171,913.74 | 2029/2030 | 209,159.36 |
| 2025/2026 | 178,790.29 | 2030/2031 | 217,525.73 |
| 2026/2027 | 185,941.91 | 2031/2032 | 226,226.76 |
| Total: | | | \$1,908,297.73 |

(1) Based upon assigned Special Benefit Points for FY 2022/2023. Property characteristics may change from year-to-year, which can affect the calculation of Special Benefit Points in future years. If the total Special Benefit Points increase in future years due to development, land use classification changes, etc., the maximum assessment revenue may increase accordingly.

6. METHOD OF ASSESSMENT

6.1 Source(s) of Funding

The levy and collection of annual assessments upon property within the District provides the primary funding source for the Services and Activities previously outlined. The Association will also generate additional funds from sources other than annual assessments on properties within the District. These funds may include City contributions, fundraising, grants, and donations.

The District will not issue bonds to finance any of the Services and Activities.

6.2 Basis of Assessment

The assessments will be levied in proportion to the special benefits that the parcels within the District receive from the services and activities provided by the Association.

6.3 Special Benefit Point Assignment

To calculate each parcel's proportionate share of the special benefits, it is necessary assign each parcel what are referred to as special benefit points. This is accomplished by taking into account the various physical characteristics of each parcel, as well as each parcel's land use type.

The special benefits derived from the District Services and Activities are improved aesthetics, increased safety, increased economic activity, and improved community relations. It was determined that linear street frontage, lot square footage, building square footage, and land use are the most appropriate property characteristics for use in this calculation. As such, each parcel's linear street frontage, lot square footage, building square footage, and land use were used as the primary assessment variables for the assignment of parcel factors.

Parcels of the same land use type will experience different degrees of special benefit in relation to differences in their lot size, building size, and linear frontage. A parcel with a large building for example will generally experience greater special benefit than a parcel with a small building. Therefore, these parcel characteristics are appropriate factors for determining proportional special benefit.

In order to relate differing parcel characteristics to one another, a relative factor is determined for each. To calculate each of the three relative factors, each parcel's actual square footage or front footage values were divided by the averages or medians of those values for each parcel in the District boundary.

6.4 Assignment of Benefit Points for Each Property Land Use

The assessment calculations also vary based on land use types, since the same services may benefit parcels differently based on how the parcels are used. For example, a non-residential parcel may derive greater benefit from certain activities than a non-profit parcel. The assignment of benefit points is based on the fact that each of the three District programs provide certain benefits, apportioned as described in the Engineer's Report prepared for the District.

The following table summarizes the Land Use Benefit Points assigned to the various assessable land use types within the District:

| Land Use Type | Aesthetic Benefit Points | Safety Benefit Points | Economic Benefit Points | Community Relations Benefit Points | Total Land Use Benefit Points |
|--------------------------|--------------------------|-----------------------|-------------------------|------------------------------------|-------------------------------|
| Non-Residential Property | 1.00 | 1.00 | 0.50 | 0.50 | 3.00 |
| Non-Profit Property | 1.00 | 1.00 | 0.00 | 0.50 | 2.50 |

By adjusting the assigned benefit points for each property land use type by other factors, a more complete picture of the proportional special benefits received by each parcel within the District is presented. Therefore, lot factors, building factors, and frontage factors were calculated and assigned for each parcel in the District.

6.4.1 TOTAL SPECIAL BENEFIT POINTS

The calculation of Total Benefit Points for each parcel takes into account the Lot, Building, and Frontage Factors described above, and land use. The formula for determining each parcel’s Total Special Benefit Points is as follows:

$$\left(\text{Lot Factor} + \text{Building Factor} + \text{Frontage Factor} \right) \times \text{Land Use Benefit Points} = \text{Total Special Benefit Points}$$

The Total Special Benefit Points are computed for each parcel in the proposed District and summed. The Total District Special Benefit Points are 1,090.65. These Total District Special Benefit Points are used to determine the proposed assessment amounts on each parcel. The Total District Special Benefit Points may change in the future due to development, redevelopment, or changes in property land uses.

6.5 Assessment Calculation

The assessment per Special Benefit Point is calculated by dividing the total costs to be assessed by the total Special Benefit Points assigned to the parcels within the District. The following formula provides the assessment per Special Benefit Point calculation:

$$\frac{\text{Total Costs to be Assessed}}{\text{Total Special Benefit Points}} = \text{Assessment Rate per Special Benefit Point}$$

$$\$158,943.92 / 1,090.65 = \$145.73283$$

The Special Benefit Points have been calculated in relation to the total costs to be assessed. No assessment will be imposed on any parcel that exceeds the reasonable cost of the proportional special benefit conferred on the parcel.

In the first fiscal year, a parcel’s assessment = \$145.73283 x Parcel’s Total Special Benefit Points

6.6 Number of Years Assessments will be Levied

The proposed term for the District is 10 years. The assessment will be effective July 1, 2022, through June 30, 2032 (Fiscal Year 2022/23 through Fiscal Year 2031/32). Expenditure of collected assessments may continue for up to six months after June 30, 2032, if the District is not renewed. In order to authorize the

levy and collection of assessments after Fiscal Year 2031/32, the City and Association will need to go through the renewal process pursuant to the Law.

6.7 Time and Manner of Collecting Assessments

Each property owner pays a share of the cost of the District Services and Activities, based on the formula described above and in the Engineer's Report. The payment is collected through the annual Los Angeles County property tax bill. The District assessment, including any delinquent assessment and related interest and penalties, will be received by the Los Angeles County Tax Collector. The County shall then transfer the assessment revenues to the District for the funding of the Services and Activities described in this Management District Plan. Any assessment on a property that does not receive a property tax bill from the County of Los Angeles will be billed-directly by the Association.

6.8 Appeals Process

The Association, or its designee, may assist with the resolution of any discrepancies in individual assessment amounts or calculations. The Association reserves the right to:

- Conduct reviews of existing primary data; verify assessment data as compiled by any consultant, subcontractor or other party hired by the Association; and perform field or on-site inspections to verify the accuracy of existing or secondary data, or to investigate the claim of any property owner in the District.
- Recalculate the assessment amount due and direct the County Auditor-Controller to respond appropriately.

Upon the request of the County, the Association shall promptly complete requests for an investigation of discrepancies and make all reasonable efforts to obtain additional documentation related to the assessment upon any or all of the properties for which a correction or adjustment is requested.

6.9 Assessor's Parcel Listing

Appendix B of this Management District Plan provides a listing of all the Assessor's Parcels within the District, including property addresses, Special Benefit Points, and Fiscal Year 2022/23 assessment amounts.

7. DISTRICT MANAGEMENT

7.1 Midtown Business Improvement District Management

The Association is a 501(c)(3) non-profit organization whose Board of Directors membership consists of the parcel owners assessed under the District, and is the “designated non-profit entity” as outlined in Section 36614.5 of the Law.

The Association is charged with the day-to-day operations of the District.

7.2 Annual Report by the Association

The Association will select members to serve on the Association’s Board of Directors. Board membership is designed to equitably represent all stakeholders and areas of the District. The Board of Directors structure represents commercial property owners of various sizes.

The Association’s Board of Directors shall annually make a recommendation on the expenditure of revenues derived from the levy of assessments, on the classification of properties applicable, and on the method and basis of levying the assessments.

Each year, the Association’s Board of Directors shall prepare a report for each fiscal year, except the first year, for which assessments are levied and collected to pay the costs of the Services and Activities described in the report. Each annual report must be filed with the City Clerk of the City Council, per Section 36650(b) of the Law; each report shall contain all of the following information:

1. any proposed changes in the District boundaries or any benefit zones or any classification of property within the District;
2. the improvements and activities to be provided for that fiscal year;
3. an estimate of the cost of providing the improvements and the activities for that fiscal year;
4. the method and basis of levying the assessment in sufficient detail to allow each real property owner, as appropriate, to estimate the amount of the assessment to be levied against his or her property for that fiscal year;
5. the amount of any surplus or deficit revenues to be carried over from a previous fiscal year; and
6. the amount of any contributions to be made from sources other than assessments levied.

7.3 Public Access

The Association’s Board of Directors is required to comply with specified state open meeting and public records laws, the Ralph M. Brown Act (the “Brown Act”), commencing with Section 54950 of the Government Code, and the California Public Records Act, commencing with Section 6250 of the Government Code. Brown Act compliance is required when District business is heard, discussed, or deliberated, and the California Public Records Act compliance is required for all documents relating to District business.

7.4 Rules and Regulations

Pursuant to the Law, the Association's Board of Directors may establish rules and regulations that uniquely apply to the District. A few initial rules and regulations should be employed in the administration of the District:

- Following the initial formation of the District, the Association's Board of Directors should develop a policy for competitive bidding as it pertains to contracted services for the District. The policy's aim is to maximize service quality, efficiency, and cost effectiveness.
- Any stakeholder who serves on the Association's Board of Directors shall recuse themselves from any vote in which a potential conflict of interest is apparent. Such potential conflicts include, but are not limited to: prioritizing services and/or activities that result in a special benefit to specific property owners, prioritization of services to benefit a particular owner or group of owners, hiring or selecting the relatives of Association Board members.
- As previously noted, meetings of the Association's Board of Directors shall be open to all stakeholders paying into the District and are subject to the Brown Act. Regular financial reports shall be submitted to Association Board members and made available upon request by the membership. Sub-committee meetings of the Association shall be open and encourage participation among various stakeholders, property owners, business owners, and community members. The Association's Board of Directors shall retain the right to enter into executive session for reasons including, but not limited to: legal matters, personnel issues, etc.
- The Association's Board of Directors will create a number of policies that will help the Board effectively manage the District. Such policies may include, but not be limited to: a decision-making policy, use of banner policy, special event underwriter policy, use of logo policy, and an economic hardship policy.

7.5 Dissolution

The District, when there is no indebtedness, outstanding and unpaid, incurred to accomplish any of the purposes of the District, may be disestablished by resolution by the City Council in either of the following circumstance:

1. If the City Council finds there has been misappropriation of funds, malfeasance, or a violation of law in connection with the management of the District, it shall notice a hearing on disestablishment.
2. During the operation of the District, there shall be a 30-day period each year in which assessed property owners may request disestablishment of the District. The first such period shall begin one year after the date of establishment of the District and shall continue for a 30-day period. The next such 30-day period shall begin two years after the date of the establishment of the District. Each successive year of operation of the District shall have such a 30-day period. Upon the written petition of the owners of real property in the area who pay more than 30 percent of the assessments levied, the City Council shall notice a hearing on disestablishment.

The City Council shall adopt a resolution of intention to disestablish the District prior to the public hearing. The resolution shall state the reason for the disestablishment, shall state the time and place of the public hearing, and shall contain a proposal to dispose of any assets acquired with the revenues of the assessments levied within the District. The public hearing shall be held not less than 30-days or more than 60-days after the adoption of the resolution of intention.

Upon the disestablishment of the District, any remaining revenues derived from the levy of assessments, or any revenues derived from the sale of assets acquired with the revenues, shall be refunded to the owners of the property then located and operating within the District in which assessments were levied by applying the same method and basis that was used to calculate the assessments levied in the fiscal year in which the District was disestablished. If the disestablishment occurs before an assessment is levied for the fiscal year, the method and basis that was used to calculate the assessment levied in the immediate prior fiscal year shall be used to calculate the amount of refund.

APPENDIX A: DISTRICT BOUNDARY MAP

The following page contains the Boundary Map for the District.

APPENDIX B: ASSESSOR'S PARCEL LISTING

The following pages contain the Fiscal Year 2022/23 assessment roll for the District.

MIDTOWN BUSINESS IMPROVEMENT DISTRICT
Fiscal Year 2022/23 Assessment Roll

| Assessor's Parcel Number | Assessment ID | Property Address | Special Benefit Points | Fiscal Year 2022/23 Assessment ¹ |
|-----------------------------|---------------|-------------------|---------------------------|--|
| 7260-021-024 | 1 | 2201 E ANAHEIM ST | 8.01 | \$1,167.12 |
| 7260-021-025 | 2 | 2211 E ANAHEIM ST | 4.88 | 710.74 |
| 7260-021-026 | 3 | 2215 E ANAHEIM ST | 3.77 | 549.48 |
| 7260-021-027 | 4 | 2219 E ANAHEIM ST | 3.78 | 551.28 |
| 7260-021-028 | 5 | 2235 E ANAHEIM ST | 3.77 | 549.66 |
| 7260-021-029 | 6 | 2295 E ANAHEIM ST | 8.29 | 1,208.64 |
| 7260-032-001 | 7 | 2218 E ANAHEIM ST | 6.06 | 882.70 |
| 7260-032-002 | 8 | 2212 E ANAHEIM ST | 4.54 | 661.82 |
| 7260-032-003 | 9 | 2200 E ANAHEIM ST | 5.90 | 859.16 |
| 7260-032-014 | 10 | 2222 E ANAHEIM ST | 20.40 | 2,973.08 |
| 7261-021-023 | 11 | 2123 E ANAHEIM ST | 5.64 | 821.40 |
| 7261-021-024 | 12 | 2135 E ANAHEIM ST | 4.63 | 674.02 |
| 7261-021-025 | 13 | 2153 E ANAHEIM ST | 5.68 | 828.10 |
| 7261-021-028 | 14 | 2101 E ANAHEIM ST | 11.54 | 1,682.06 |
| 7261-022-013 | 15 | 2015 E ANAHEIM ST | 7.30 | 1,063.98 |
| 7261-022-014 | 16 | 2021 E ANAHEIM ST | 6.72 | 979.50 |
| 7261-022-015 | 17 | 2041 E ANAHEIM ST | 15.18 | 2,212.56 |
| 7261-022-016 | 18 | 2001 E ANAHEIM ST | 6.70 | 977.06 |
| 7261-024-910 | 19 | 1963 E ANAHEIM ST | 139.47 | 20,325.60 |
| 7261-024-911 | 20 | 1915 E ANAHEIM ST | 8.36 | 1,218.64 |
| 7261-025-913 | 21 | 1963 E ANAHEIM ST | 93.32 | 13,599.98 |
| 7261-026-011 | 22 | 1701 E ANAHEIM ST | 23.53 | 3,428.42 |
| 7261-026-012 | 23 | 1731 E ANAHEIM ST | 4.33 | 631.60 |
| 7261-026-013 | 24 | 1733 E ANAHEIM ST | 5.58 | 812.62 |
| 7261-026-014 | 25 | 1735 E ANAHEIM ST | 8.16 | 1,189.32 |
| 7261-027-009 | 26 | 1601 E ANAHEIM ST | 15.02 | 2,189.20 |
| 7261-027-010 | 27 | 1617 E ANAHEIM ST | 6.67 | 971.48 |
| 7261-027-012 | 28 | 1635 E ANAHEIM ST | 8.59 | 1,251.50 |
| 7261-027-020 | 29 | 1627 E ANAHEIM ST | 6.84 | 997.12 |
| 7261-028-001 | 30 | 1295 GAVIOTA AVE | 10.86 | 1,583.32 |
| 7261-028-002 | 31 | 1618 E ANAHEIM ST | 8.58 | 1,249.78 |
| 7261-028-003 | 32 | 1600 E ANAHEIM ST | 11.64 | 1,696.06 |
| 7261-029-003 | 33 | 1734 E ANAHEIM ST | 6.67 | 972.08 |
| 7261-029-004 | 34 | 1750 E ANAHEIM ST | 5.93 | 864.30 |
| 7261-029-023 | 35 | 1700 E ANAHEIM ST | 8.43 | 1,227.96 |
| 7261-029-024 | 36 | 1710 E ANAHEIM ST | 6.37 | 927.64 |
| 7261-029-025 | 37 | 1720 E ANAHEIM ST | 6.15 | 896.82 |
| 7261-029-026 | 38 | 1730 E ANAHEIM ST | 5.96 | 868.60 |
| 7261-030-009 | 39 | 1800 E ANAHEIM ST | 18.42 | 2,683.92 |
| 7261-030-010 | 40 | 1810 E ANAHEIM ST | 6.93 | 1,009.98 |
| 7261-030-011 | 41 | 1818 E ANAHEIM ST | 5.73 | 835.76 |

MIDTOWN BUSINESS IMPROVEMENT DISTRICT
Fiscal Year 2022/23 Assessment Roll

| Assessor's Parcel Number | Assessment ID | Property Address | Special Benefit Points | Fiscal Year 2022/23 Assessment ¹ |
|-----------------------------|---------------|-------------------|---------------------------|--|
| 7261-030-028 | 42 | 1842 E ANAHEIM ST | 17.92 | 2,611.92 |
| 7261-031-001 | 43 | 1942 E ANAHEIM ST | 6.82 | 993.96 |
| 7261-031-005 | 44 | 1908 E ANAHEIM ST | 5.57 | 811.62 |
| 7261-031-006 | 45 | 1900 E ANAHEIM ST | 7.84 | 1,143.00 |
| 7261-031-028 | 46 | 1934 E ANAHEIM ST | 14.09 | 2,053.38 |
| 7261-032-001 | 47 | 2016 E ANAHEIM ST | 4.77 | 694.96 |
| 7261-032-030 | 48 | 2000 E ANAHEIM ST | 20.05 | 2,922.54 |
| 7261-032-031 | 49 | 2040 E ANAHEIM ST | 8.04 | 1,171.32 |
| 7261-032-033 | 50 | 2040 E ANAHEIM ST | 10.28 | 1,497.54 |
| 7261-033-002 | 51 | 2120 E ANAHEIM ST | 4.58 | 667.06 |
| 7261-033-003 | 52 | 2100 E ANAHEIM ST | 7.06 | 1,029.04 |
| 7261-033-027 | 53 | 2130 E ANAHEIM ST | 20.29 | 2,957.38 |
| 7267-001-023 | 54 | 1436 E ANAHEIM ST | 7.18 | 1,046.72 |
| 7267-001-024 | 55 | 1430 E ANAHEIM ST | 30.38 | 4,427.82 |
| 7267-001-900 | 56 | 1205 WALNUT AVE | 3.55 | 516.94 |
| 7267-001-901 | 57 | 1207 WALNUT AVE | 3.55 | 516.86 |
| 7267-001-902 | 58 | 1209 WALNUT AVE | 3.47 | 505.32 |
| 7267-001-903 | 59 | 1546 E ANAHEIM ST | 3.70 | 539.76 |
| 7267-001-904 | 60 | 1540 E ANAHEIM ST | 2.87 | 418.00 |
| 7267-001-905 | 61 | 1530 E ANAHEIM ST | 2.35 | 342.30 |
| 7267-001-906 | 62 | 1500 E ANAHEIM ST | 19.47 | 2,836.90 |
| 7267-002-001 | 63 | 1404 E ANAHEIM ST | 4.05 | 590.80 |
| 7267-002-002 | 64 | 1420 E ANAHEIM ST | 7.17 | 1,045.14 |
| 7267-002-014 | 65 | 1360 E ANAHEIM ST | 28.65 | 4,174.80 |
| 7267-003-001 | 66 | 1214 E ANAHEIM ST | 9.20 | 1,341.34 |
| 7267-003-002 | 67 | 1200 E ANAHEIM ST | 10.93 | 1,593.24 |
| 7267-003-013 | 68 | 1230 E ANAHEIM ST | 6.98 | 1,016.48 |
| 7267-003-041 | 69 | 1350 E ANAHEIM ST | 6.73 | 981.00 |
| 7267-003-042 | 70 | 1340 E ANAHEIM ST | 5.69 | 829.32 |
| 7267-004-003 | 71 | 1168 E ANAHEIM ST | 3.98 | 580.08 |
| 7267-004-004 | 72 | 1164 E ANAHEIM ST | 7.11 | 1,035.86 |
| 7267-004-005 | 73 | 1180 E ANAHEIM ST | 3.39 | 494.64 |
| 7267-004-006 | 74 | 1190 E ANAHEIM ST | 9.59 | 1,398.12 |
| 7267-004-018 | 75 | 1158 E ANAHEIM ST | 9.53 | 1,389.02 |
| 7268-018-024 | 76 | 1199 E ANAHEIM ST | 15.60 | 2,273.50 |
| 7268-018-029 | 77 | 1165 E ANAHEIM ST | 28.06 | 4,089.54 |
| 7268-040-022 | 78 | 1511 E ANAHEIM ST | 4.47 | 650.84 |
| 7268-040-023 | 79 | 1515 E ANAHEIM ST | 2.82 | 411.56 |
| 7268-040-024 | 80 | 1525 E ANAHEIM ST | 4.33 | 631.18 |
| 7268-040-031 | 81 | 1569 E ANAHEIM ST | 12.65 | 1,844.10 |
| 7268-040-900 | 82 | 1501 E ANAHEIM ST | 5.45 | 794.68 |

MIDTOWN BUSINESS IMPROVEMENT DISTRICT
Fiscal Year 2022/23 Assessment Roll

| Assessor's Parcel Number | Assessment ID | Property Address | Special Benefit Points | Fiscal Year 2022/23 Assessment ¹ |
|-----------------------------|---------------|-------------------|---------------------------|--|
| 7268-041-900 | 83 | 1321 E ANAHEIM ST | 81.72 | 11,908.78 |
| 7268-041-910 | 84 | 1324 GUNDRY AVE | 28.27 | 4,119.68 |
| 7268-042-031 | 85 | 1223 E ANAHEIM ST | 36.10 | 5,260.90 |
| Total: | | | 1,090.65 | \$158,943.00 |

1 - Includes rounding adjustments

APPENDIX C: ENGINEER'S REPORT

The following pages contain a copy of the Engineer's Report prepared associated with the renewal of the District.



CITY OF LONG BEACH

Renewal Engineer's Report For:

Midtown Business Improvement District

March 2022

Prepared by:



nbsgov.com

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1. INTRODUCTION

1.1 District History

In 2015, owners of property along East Anaheim Street from Alamitos Avenue to Raymond Avenue in the City of Long Beach (the “City”), and the City of Long Beach City Council (the “City Council”) approved the formation of the Midtown Business Improvement District – a property and business improvement district, pursuant to the Property and Business Improvement District Law of 1994 – for a five-year period (the “2015 PBID”). Since formation, the nonprofit Midtown Property and Business Owners Association (the “Association”) has been working with the community to provide certain services and activities (the “Services and Activities”) that benefit properties located within the 2015 PBID, as described in Section 2 of this Report. After a two-year lapse in authority due to the COVID-19 pandemic, in 2022, property owners in the 2015 PBID will be asked to establish the funding for the Services and Activities provided throughout the renewed Midtown Business Improvement District (the “District”) for an additional 10-year period.

The assessment is subject to the substantive and procedural requirements described in Section 4, Article XIII D of the California Constitution (“Article XIII D”) and would be assessed and collected by the City. The assessment is authorized pursuant to Article XIII D of the California Constitution, the Proposition 218 Omnibus Implementation Act, and the Property and Business Improvement District Law of 1994 (collectively, the “Assessment Law”).

1.2 Duration

Assessments for the District will be levied upon renewal of the District, to fund District Services and Activities over the next 10 years. The first year of Services and Activities will be Fiscal Year 2022/23 and the final year will be Fiscal Year 2031/32.

1.3 Legislative Context

This Engineer’s Report is intended to comply with the requirements of Article XIII D and the Assessment Law. The following is a description of the legislative context within which this report is written.

In 1996, California Voters adopted Proposition 218, which added Articles XIII C and XIII D to the California Constitution. Article XIII D imposes certain substantive and procedural requirements on any agency that wishes to levy special assessments.

The substantive requirements are twofold: (1) assessments can only be imposed for a “special benefit” conferred on an assessed parcel, and (2) assessments must be no greater than the reasonable cost of the proportionate special benefit conferred on an assessed parcel.

The special benefit and proportionality requirements are described in Section 4, Subdivision (a) of Article XIII D: *“An agency which proposes to levy an assessment shall identify all parcels which will have a special benefit conferred upon them and upon which an assessment will be imposed. The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of a public improvement, the maintenance and operation expenses of a public improvement, or the cost of the property related service being provided. No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel. Only special*

benefits are assessable, and an agency shall separate the general benefits from the special benefits conferred on a parcel. ...”

In addition to its substantive requirements, Article XIII D imposes certain procedural requirements, which include preparing an engineer’s report, providing written notice to property owners, providing assessment protest ballots to property owners, holding a public hearing, and tabulating the assessment protest ballots.

1.4 Court Rulings

Since the initial passage of Proposition 218, several court rulings have helped provide context and direction on the practical implementation procedures and requirements for levying assessments. Several of the key concepts from these rulings are summarized below.

1.4.1 GENERAL BENEFIT

Article XIII D requires an agency to separate the general benefits from the special benefits conferred because only special benefits are assessable.

The Court of Appeal in *Golden Hills Neighborhood Assn., Inc. v. City of San Diego* (2011) (*Golden Hills*) clarified this concept by stating, *“Separation and quantification of general and special benefits must be accomplished by apportioning the cost of a service or improvement between the two and assessing property owners only for the portion of the cost representing special benefits.”*

The Court of Appeal in *Beutz v. County of Riverside* (2010) (*Beutz*) quoted from the Legislative Analyst Office’s pamphlet titled “Understanding Proposition 218” which states an agency must *“estimate the amount of special benefit landowners would receive from the project or service, as well as the amount of ‘general benefit.’ This step is needed because Proposition 218 allows local government to recoup from assessments only the proportionate share of cost to provide the special benefit.”*

The Court in *Beutz* further stated, *“Separating the general from the special benefits of a public improvement project and estimating the quantity of each in relation to the other is essential if an assessment is to be limited to the special benefits.”*

1.4.1 BENEFIT-BASED NOT COST-BASED

In *Bonander v. Town of Tiburon* (2009) (*Tiburon*), the Court of Appeal clarified the idea that assessments must be apportioned based upon benefit rather than cost. The Court stated, *“Proportionate special benefit is the basis upon which a project’s total assessable costs are apportioned among parcels within an assessment district.”*

The assessment on a particular property cannot be based on the relative cost of the improvements, but rather the special benefit conferred on such property. The Court in *Tiburon* also stated, *“an assessment represents the entirety of the cost of the improvement or property-related service, less any amount attributable to general benefits (which may not be assessed), allocated to individual properties in proportion to the relative special benefit conferred on the property.”*

1.4.2 PUBLIC PROPERTY

Section 4, Subdivision (a) of Article XIII D states, in part, *“Parcels within a district that are owned or used by any agency, the State of California or the United States shall not be exempt from assessment unless the agency can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit.”* Historically there had been differing opinions about whether this requirement that publicly owned property should not be exempt actually meant those properties must be assessed.

The Court of Appeal in *Manteca Unified School District v. Reclamation District No. 17 et al* (2017) (*Manteca*) clarified this issue by stating, *“section 4, subdivision (a) of article XIII D of the California Constitution unambiguously conditions any continuing benefit assessment exemption on a showing by clear and convincing evidence of no special benefit.”*

1.4.3 IMPRECISION

The Court in *Tiburon* acknowledged the difficulty of trying to precisely assign and measure special benefit, stating, *“Any attempt to classify special benefits conferred on particular properties and to assign relative weights to those benefits will necessarily involve some degree of imprecision.”*

The Court in *Tiburon* went on to say that a formula assigning equal weight to different special benefits *“may be a legally justifiable approach to measuring and apportioning special benefits, [but] it is not necessarily the only valid approach. Whichever approach is taken to measuring and apportioning special benefits, however, it must be both defensible and consistently applied.”*

2. SERVICES AND ACTIVITIES

The District will fund certain services and activities described below, which are collectively referred to as the “Services and Activities.”

2.1 Clean, Safe, Beautiful Programs

The District will supplement certain services provided by the City through comprehensive Clean, Safe, Beautiful Programs that are designed to improve the safety and cleanliness of sidewalks, curbs, and street fixtures within the District boundaries. The goal of the Clean, Safe, Beautiful Programs is to retain tenants, increase occupancy rates, and stimulate commerce within the District.

2.1.1 CLEAN AND BEAUTIFUL PROGRAM

Beginning in 2019, the Association partnered with the Downtown Long Beach Alliance, to provide for sidewalk sweeping and pressure washing services, graffiti removal services, as well as the removal of trash, debris, and recyclables from District sidewalks and gutters. Pressure washing of sidewalks along the north and south sides of Anaheim Street will occur once per week. Graffiti removal will occur as needed, with prompt response on weekdays aimed at removing tags within 24 hours. Additionally, the Downtown Long Beach Alliance will provide trash and debris removal services three times per week.

The Association has developed a partnership with The Conservation Corps of Long Beach, which is a paid training program specifically geared towards educating and training at risk youth ages 18-25 that are working towards a high school diploma or pursuing post-secondary education. This partnership provides for the organization of electronic waste recycling on a quarterly basis. The Association has also developed a partnership with the Midtown Neighborhood Association and the Cambodia Town Neighborhood Association to perform monthly neighborhood clean-ups where trash and unwanted furniture along Anaheim Street are collected and disposed of.

The Go Long Beach app, which is funded by the City and not via the District assessment, is also used for reporting bulk waste and graffiti with an average response time of 24 hours.

2.1.2 LANDSCAPE MAINTENANCE

The Association has also partnered with the Downtown Long Beach Alliance to provide landscape maintenance services within the boundaries of the District along Anaheim Street. These landscaping services, which include the maintenance of tree wells and weed abatement services, are performed three times per week.

2.1.3 FAÇADE IMPROVEMENTS

The Association assists property and business owners in the area with facilitating façade improvements by helping them apply for the City’s existing Commercial Improvement Rebate Program. The program allows businesses/owners to participate in the program without having to pay in advance. With the support of the Association, several property owners within the District have been able to improve the frontages of their businesses as a result of participation in the City’s program.

2.1.4 SAFE TEAM

The Clean, Safe, Beautiful Programs will include private security patrols by Platt Security. Security patrols will be ongoing between 9:00am – 5:00pm, Monday through Saturday of each week. Platt Security and the Association will coordinate their efforts with the Long Beach Police Department. The goal of these services is to create a visible deterrent to criminal activity, and to encourage shoppers, visitors, and tenants to visit the area. Platt Security will update the Association weekly to ensure the Association is kept informed of ongoing security patrols. The Association also receives monthly reports which overview security concerns and assist the Association in keeping the Midtown community safe.

2.2 Marketing and Communication Program

The Marketing and Communication Program has been established in order to increase awareness of the District and all of its programs. Initial marketing efforts included the establishment of a logo, branding, community involvement, event involvement, and social media outreach.

Economic development activities will include working with potential business tenants, developers, banks, and government agencies to attract new businesses to Midtown. The Association works to create a unified voice which communicates and advocates on behalf of the District’s property owners to various government agencies. The goal is to benefit property owners by increasing occupancy rates and commerce. The Association anticipates working closely with City officials to assist, in any way, with improving the economic vitality of the District.

The Association will also continue to reach out to the community and participate in special event coordination within the District. Some events are coordinated in conjunction with the City, Neighborhood Associations, and other local organizations. The Association prepares a quarterly newsletter which highlights local businesses, as well as resources and opportunities available to property owners within the District. The Association also holds monthly meetings regarding District operations that are open to the public.

2.2.1 COMMUNICATION AND PUBLIC RELATIONS

The Association plays a central communications role and spends considerable time addressing community meetings, working as a problem solver, and speaking to the media in representing the District and its objectives for community betterment.

Regular activities and initiatives include:

- Newsletter provided regularly to property and business owners
- Ongoing media relations
- Coordination of services among merchants and the public sector
- Maintenance of District website with useful and important links
- Regular attendance at community and City meetings
- Participation on committees of neighborhood organizations
- Event promotion and coordination
- Establishment of District banners and signage
- Social media marketing

2.2.2 ADVOCACY

The purpose of advocacy is to promote the District as a clean, safe, and vibrant area. This goes well beyond the marketing programs that create image and visibility and, in fact, advocate for services and resources that increase the area's perceptions as a friendly, clean, and exciting place for dining, shopping, entertainment, and investing in business opportunities and properties. Advocacy is intended to support business growth, which can be especially advantageous during periods of economic recession.

2.2.3 SPECIAL COMMUNITY EVENTS

The Association regularly assists in the hosting or sponsoring of several important community events year-round including, but not limited to the:

- Cambodia Town Annual Culture Festival
- Martin Luther King Parade
- Angel's Gift Event
- AOC7 Annual Literacy Fair

These events have come to be well-known and loved by the community and visitors of Midtown. Events hosted or sponsored by the Association have become a vital component of the District's identity.

2.3 Administration

The District will also incur costs for staff time and expenses related to managing the above programs and related administrative costs. For example, these tasks will include oversight and coordination of both District and contractor-provided services, annual assessment roll preparation, addressing property owner questions and concerns, adherence to the Management District Plan, and compliance with audit/reporting requirements. These activities are directly related to the programs provided within the District, and without them, the programs could not be efficiently carried out on an ongoing basis.

Administration also includes efforts to work on behalf of the District to ensure City services and policies support the District. District funds for Administration may also be used to establish and/or renew the District. A well-managed District provides necessary oversight and guidance that produces higher quality and more efficient programs.

3. SPECIAL BENEFITS

The Services and Activities will confer special benefits upon certain parcels within the proposed District. This section provides a description of those special benefits.

3.1 Improved Aesthetics

Several of the proposed Services and Activities will confer aesthetic benefits. The cleaning and pressure washing services are designed to improve the visual appearance of properties within the District. It is believed a cleaner environment is more aesthetically pleasing to customers, tenants, patrons, and visitors. When areas where consumers conduct business are more aesthetically pleasing, research shows that these areas are also considered more desirable (Vilnai-Yavetz, 2010). Therefore, several of the proposed Services and Activities, including cleaners and pressure washing will confer aesthetic benefits.

3.2 Increased Safety

Research has shown vandalism, such as graffiti, is a key factor in determining attitudes about safety (Austin, 2007). The perception of neighborhood problems has a stronger effect on the fear of crime than demographic factors (Dowler, 2003). If this research holds true, the District's proposed graffiti removal services should have a positive effect on reducing fear of crime.

Research has shown that security patrols can be used to "reinforce social control and mitigate criminal activities" (Hoyt, 2005). Furthermore, business improvement districts with similar security programs supporting safety services have been successful in reducing crime rates (Brooks, 2008). The increased safety should be experienced by all assessable properties. Research shows there are safety benefits related to living in or near a commercial area managed by a business improvement district (Hoyt, 2005). Therefore, the Services and Activities will confer safety benefits.

3.3 Increased Economic Activity and Improved Community Relations

The Marketing and Communication Program, which includes the website, events, and the newsletter, provides economic benefits designed to promote the area as a unique destination, thereby helping to attract customers, patrons, and visitors to the District for the benefit of the property owners.

The Clean, Safe, Beautiful Programs, in addition to conferring aesthetic and safety benefits, will concurrently confer economic benefits as well. These Services and Activities will help both customers and tenants feel safer, so they feel welcome to stay longer and feel comfortable shopping and dining in the area. The Services and Activities will create a more aesthetically pleasing environment, which has been shown to "increase consumer's intentions to spend money" (Vilnai-Yavetz, 2010). Therefore, the Clean, Safe, Beautiful Services and Activities will also confer economic benefits.

4. SPECIAL BENEFIT DISTRIBUTION

Once special benefits are identified, the cost of providing those special benefits must then be assigned, based on the estimated proportionate special benefit derived by each parcel. The proportionate special benefit that each parcel derives from the District’s Services and Activities is calculated based on an analysis of each parcel’s physical characteristics and land use type.

4.1 Parcel Characteristics

The following parcel characteristics reflect each parcel’s proportionate special benefit:

- Lot square footage
- Building square footage
- Linear frontage

Parcels of the same land use type will experience different degrees of special benefit in relation to differences in their lot size, building size, and linear frontage. A parcel with a large building for example will generally experience greater special benefit than a parcel with a small building. Therefore, these parcel characteristics are appropriate factors for determining proportional special benefit.

In order to relate differing parcel characteristics to one another, a relative factor is determined for each.

4.1.1 LOT FACTOR

The median lot size in the District is 6,762 square feet. Median lot size was used to determine the appropriate Lot Factor, as there are a few outlier parcels within the District that cause irregularities in Lot Factor calculations when applying an average. Each parcel’s actual lot square footage was divided by the median lot square footage to determine a Lot Factor.

$$\frac{\text{Parcel's Lot Square Footage}}{\text{District's Median Lot Square Footage (6,762 square feet)}} = \text{Parcel's Lot Factor}$$

4.1.2 BUILDING FACTOR

The average building size in the District is 6,559 square feet. Average building size was used to determine the appropriate Building Factor as building sizes within the District were deemed to be sufficiently uniform for the use of the average in the Building Factor calculation. Each parcel’s actual building square footage was divided by the average building square footage to determine a Building Factor.

$$\frac{\text{Parcel's Building Square Footage}}{\text{District's Average Building Square Footage (6,559 square feet)}} = \text{Parcel's Building Factor}$$

4.1.3 FRONTAGE FACTOR

The average linear frontage in the District is 246 feet. Average linear frontage was used to determine the appropriate Frontage Factor as linear frontages within the District were deemed to be sufficiently uniform for the use of the average in the Frontage Factor calculation. Each parcel's actual linear frontage feet was divided by the average linear frontage feet to determine a Frontage Factor.

$$\frac{\text{Parcel's Frontage Feet}}{\text{District's Average Frontage Feet (246 linear feet)}} = \text{Parcel's Frontage Factor}$$

4.2 Land Use Types

In addition to lot size, building size, and linear frontage, a parcel's land use type will also affect the special benefits received. Accordingly, each parcel within the proposed District boundary is assigned a land use type for purposes of determining the special benefits received. Below is a description of the land use type categories to be assessed within the proposed District.

Non-Residential Property consists of parcels used for commercial or for-profit purposes including, but not limited to, retail, offices, restaurants, commercial garages, private schools, hotels/motels, medical/dental offices, hospitals, parking lots, and privately-owned pay-to-use parking structures. Non-Residential Property also includes publicly-owned property that is leased for commercial or other for-profit purposes.

Non-Profit Property consists of parcels used for non-profit purposes including, police and fire stations, parks, public schools, libraries, and churches.

As described below, some special benefits are conferred upon all land use types, and others are conferred only upon certain land use types.

4.2.1 APPORTIONING AESTHETIC BENEFIT

The aesthetic benefits conferred by the Services and Activities will specially benefit all assessable land use types. The benefit of visual appeal is not restricted to a particular land use. A more attractive public environment can be enjoyed by all parcels irrespective of land use type. Accordingly, each assessable land use type will be assigned one Aesthetic Benefit Point.

As a property-related benefit, improved aesthetics from the Services and Activities can be measured by the characteristics of a parcel, namely the presence and size of a building, street frontage, and the size of the underlying lot. Larger parcels and parcels with larger developments have a greater intensity of use and will experience the Aesthetic Benefits to a greater degree than smaller, less-developed parcels. Therefore, building, lot, and frontage factors are used to measure Aesthetic Benefits.

4.2.2 APPORTIONING SAFETY BENEFIT

Similarly, the safety benefits conferred by the Services and Activities will specially benefit all assessable land uses. Safety is a universal need. Its importance can be seen in the fact that everyone desires to live and work in safe, crime-free areas (Lau Leby, 2010). Therefore, because levels of safety affect all land uses,

it follows that an increase in safety will benefit all land use types. Accordingly, each assessable land use type will be assigned one Safety Benefit Point.

As a property-related benefit, improved safety from the Services and Activities can be measured by the characteristics of a parcel, namely the presence and size of a building, street frontage, and the size of the underlying lot. Larger parcels and parcels with larger developments will experience the Safety and Accessibility Benefits to a greater degree than smaller, less-developed parcels. Therefore, building, lot, and frontage factors are used to measure Safety Benefits.

4.2.3 APPORTIONING ECONOMIC ACTIVITY AND COMMUNITY RELATIONS BENEFITS

Non-Residential Property receives economic benefits from both the Clean, Safe, Beautiful Programs and the Marketing and Communication Program. As noted earlier, the Clean, Safe, Beautiful Programs will create a more aesthetically pleasing environment, which has been shown to “increase consumer’s intentions to spend money” (Vilnai-Yavetz, 2010). The security aspect of the Clean, Safe, Beautiful Programs will help customers feel safer, so they stay longer and feel comfortable returning in the future, ultimately promoting community relations. Therefore, both Non-Residential Property and Non-Profit Property will receive one-half of a Community Relations Benefit Point for the Clean, Safe, Beautiful Programs.

The Marketing and Communication Program is designed to increase customer traffic and promote a positive image of the area through the use of events and marketing-related activities. The Marketing and Communication Program is designed to promote the area as a unique destination, thereby helping to attract customers, patrons, and visitors to the District. Based upon the goals of the Marketing and Communication Program, only Non-Residential Property will be assigned one-half of an Economic Activity Benefit Point.

4.2.4 LAND USE BENEFIT POINT SUMMARY

The table below summarizes the Land Use Benefit Points assigned to the various assessable land use types within the District:

| Land Use Type | Aesthetic Benefit Points | Safety Benefit Points | Community Relations Benefit Points | Economic Activity Benefit Points | Total Land Use Benefit Points |
|--------------------------|--------------------------|-----------------------|------------------------------------|----------------------------------|-------------------------------|
| Non-Residential Property | 1.00 | 1.00 | 0.50 | 0.50 | 3.00 |
| Non-Profit Property | 1.00 | 1.00 | 0.50 | 0.00 | 2.50 |

4.3 Total Special Benefit Points

The calculation of Total Benefit Points for each parcel takes into account each component analyzed and described above, including parcel characteristics and land use. The formula for determining each parcel’s Total Special Benefit Points is as follows:

$$\left(\text{Lot Factor} + \text{Building Factor} + \text{Frontage Factor} \right) \times \text{Land Use Benefit Points} = \text{Total Special Benefit Points}$$

The Total Special Benefit Points are computed for each parcel in the proposed District and summed. The Total District Special Benefit Points are 1,090.65. These Total District Special Benefit Points are used to determine the proposed assessment amounts on each parcel. The Total District Special Benefit Points may change in the future due to development, redevelopment, or changes in property land uses.

5. SEPARATION AND QUANTIFICATION OF GENERAL BENEFITS

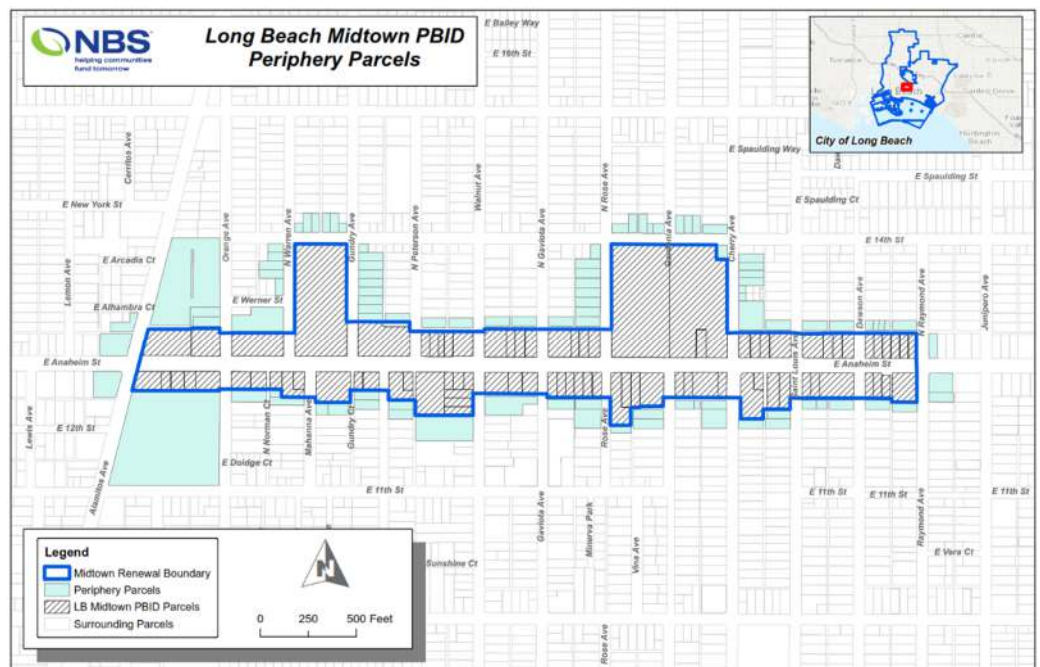
As described in the Introduction, only special benefits are assessable and in order to assess only special benefits, the general benefits resulting from the Services and Activities must be separated and quantified. This section describes the process used to separate and quantify the general benefits. We rely on a “multi-perspective average approach”, which entails analyzing the general benefits in totality by taking an average across multiple perspectives, to account for the overlap across services and to ensure that any single approach does not dominate the District’s general benefit percentage.

5.1 General Benefit Analysis

5.1.1 GENERAL BENEFIT: PARCELS ON THE PERIPHERY OF THE DISTRICT

One approach is to define general benefit as the benefit that accrues to properties on the periphery of the District. Both the Clean, Safe, Beautiful Programs and the Marketing and Communication Program will be provided solely within the District, but for purposes of this analysis, we assume a certain level of aesthetic, safety, and economic benefits will accrue to properties on the periphery of the District. For example, cleaning services could improve the aesthetics viewed from the side of the street opposite the assessed parcels, and it is likely patrolling security could report/respond to security issues near the properties just outside the boundary of the District. Additionally, increases in consumer and pedestrian traffic within the District due to the

District’s Marketing and Communication Program efforts may be enjoyed by businesses on the periphery of the District that are able to draw in those same consumers and pedestrians. To calculate the benefit accruing to property on the periphery of the District as a result of the Services and Activities, the total Benefit Points were recalculated by including those parcels on the periphery of the District (i.e., those non-District parcels directly across the street from parcels within the District).



In performing the analysis described above, it was determined that parcels on the periphery of the District do not receive special benefits in the same manner that District parcels would, as a result of the Services

and Activities. As these periphery parcels do not directly benefit from District Services and Activities, but rather experience limited benefit from District Services and Activities next to or across the street from these parcels, the total Benefit Points accruing to parcels on the periphery of the District were determined to be ten percent (10%) of those received by parcels within the District. Furthermore, as the District does not encompass residential property, but those types of properties exist on the periphery of the District, it was determined that residential properties would be assigned two benefit points associated with aesthetic and safety benefits for the purposes of this analysis.

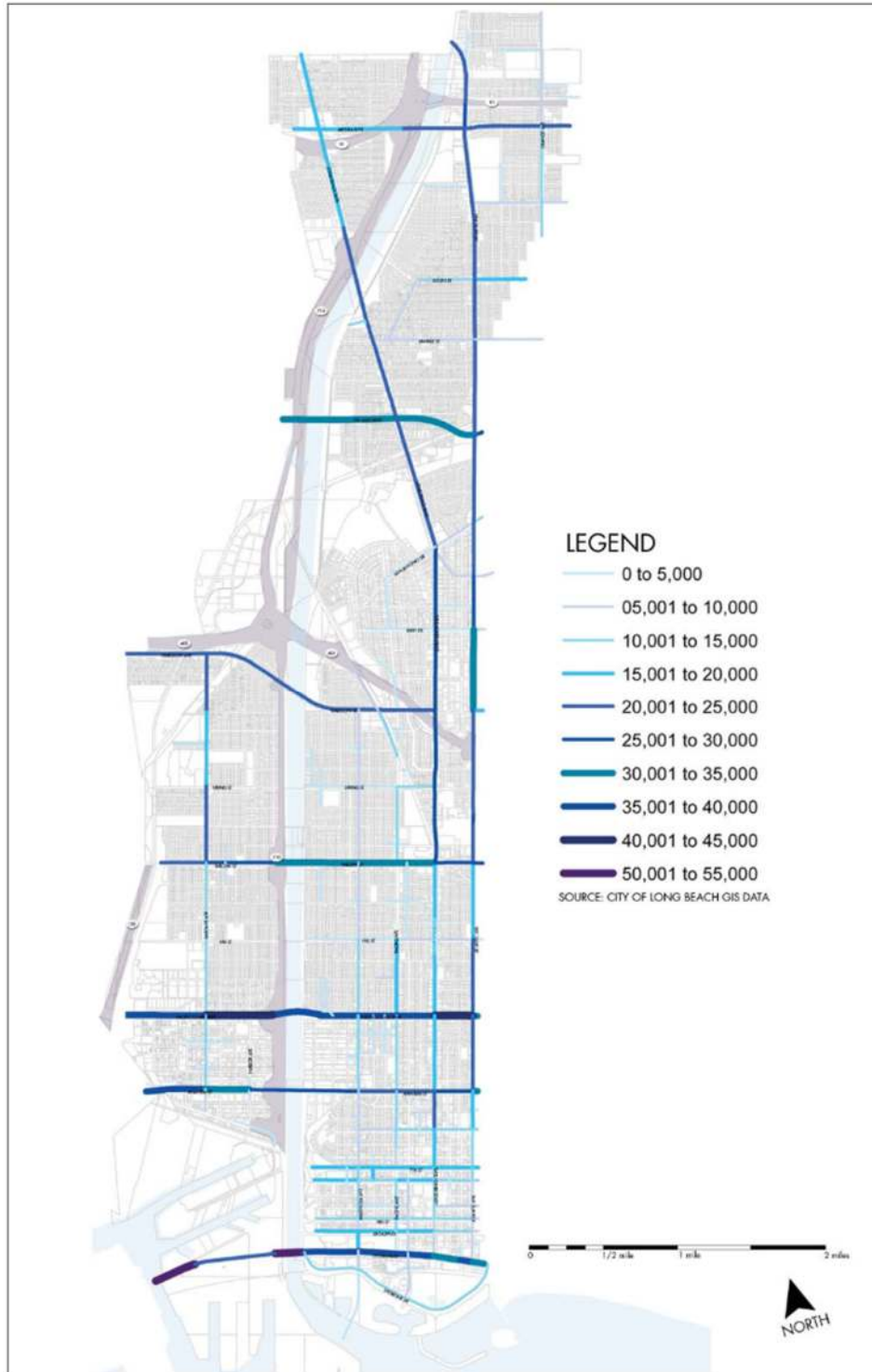
Applying the methodology described in Section 4, with the above-mentioned modifications, results in the following Benefit Point totals:

| Area | Benefit Points | Percentage |
|---|-----------------|----------------|
| Property within the District | 1,090.65 | 92.35% |
| Property on the Periphery of the District | 90.29 | 7.65% |
| Totals | 1,180.94 | 100.00% |

The Benefit Points for property within the District represents the proportionate amount of special benefit to the assessed parcels, and the Benefit Points for property on the periphery of the District represents benefit to non-assessed parcels outside the District. Under this measure, approximately 7.65% of the benefits from the Services and Activities should be treated as general benefits.

| | |
|--|--------------|
| General Benefit: Parcels on the Periphery of the District | 7.65% |
|--|--------------|

5.1.2 GENERAL BENEFIT: VEHICLES PASSING THROUGH THE DISTRICT



As a result of the District Clean, Safe, Beautiful Programs, there will be a level of aesthetic general benefit to pass-through vehicle traffic related to properties outside of the District whose occupants do not intend to access property within the District. As such, the aesthetic benefit derived by pass-through vehicle traffic, as a result of the Clean, Safe, Beautiful Programs, needs to be quantified. In order to do this, we must first know the average daily vehicle trips through the District. The Community Livability Plan for the I-710 Corridor Neighborhoods, prepared by the City of Long Beach, contains a diagram of the average daily traffic flow in this corridor, and includes the average daily traffic flow along the portion of E Anaheim Street within the boundary of the District.

This figure shows that E Anaheim Street in the area of the District has an average of 40,001 to 45,000 daily vehicle trips. To conservatively estimate

the amount of daily vehicle trips through the District, we average these figures to approximate that there will be 42,500 daily vehicle trips through the boundary of the District.

Next, we must estimate the number of daily vehicle trips generated by properties within the District. To accomplish this, data from the Institute of Transportation Engineers Trip Generation Manual was used to assign the estimated daily vehicle trips for each property within the District. The estimated number of daily vehicle trips generated by properties within the District is 36,516, as detailed below:

| ITE Property Type | Estimated Daily Vehicle Trips |
|--|-------------------------------|
| Apparel Store | 855 |
| Automobile Parts and Service Center | 206 |
| Church | 124 |
| Convenience Market | 7,518 |
| Copy, Print, and Express Ship Store | 57 |
| Drinking Place | 64 |
| Fast-Food Restaurant with Drive-Through Window | 1,775 |
| General Office Building | 11 |
| Government Office Building | 2,839 |
| Hair Salon | 9 |
| High-Turnover (Sit Down) Restaurant | 10,399 |
| Library | 604 |
| Liquor Store | 1,284 |
| Medical-Dental Office Building | 205 |
| Motel | 54 |
| Parking Lot | 0 |
| Pharmacy/Drugstore w/o Drive Through | 651 |
| Public Park | 6 |
| Recreational Community Center | 37 |
| Shopping Center | 5,601 |
| Single Tenant Office Building | 91 |
| Supermarket | 3,399 |
| Undeveloped | 0 |
| Variety Store | 611 |
| Walk-In Bank | 113 |
| Total | 36,516 |

Therefore, the estimated number of pass-through vehicle traffic related to properties outside of the District is 5,984 of the vehicle trips through the District:

| Average Daily Traffic Flow Through PBID | | Estimated PBID-Generated Vehicle Trips | | Estimated Pass-Through Vehicle Trips |
|---|---|--|---|--------------------------------------|
| 42,500 | - | 36,516 | = | 5,984 |

However, simply estimating the number of pass-through vehicle trips alone is not an accurate indication of the level of aesthetic benefits accruing to these vehicles. Estimating the total amount of time these pass-

through vehicles spend within the District, as compared to the actual properties permanently within the District, is a better indicator of the temporary aesthetic benefits accruing to the pass-through vehicles.

To estimate the total time these pass-through vehicles spend within the District on a daily basis, we must take into account the total length of the District along E Anaheim Street, and the average speed limit of this street (using the local speed limit):

| Street | Length (in Miles) Within PBID | Average Speed (MPH) | Travel Time (in Hours) Through PBID per Vehicle |
|------------------|-------------------------------|---------------------|---|
| E Anaheim Street | 0.7758 | 30 | 0.0259 |

Applying the travel time through the District per vehicle of 0.0259 hours to each of the pass-through vehicle trips results in a total pass-through time of 154.75 hours per day:

| Travel Time (in Hours) Through PBID per Vehicle | | Estimated Pass-through Vehicle Trips | | Total Pass-through Time (in Hours) |
|---|---|--------------------------------------|---|------------------------------------|
| 0.0259 | x | 5,984 | = | 154.75 |

We now need to relate this total daily pass-through time to the total time the District properties spend in permanent proximity to the Services and Activities provided through the District’s Clean, Safe, Beautiful Programs within the District:

| Time Class | Hours | Percentage |
|---|-----------------|----------------|
| Total Pass-through Time | 154.75 | 7.05% |
| Total PBID Property Time ⁽¹⁾ | 2,040.00 | 92.95% |
| Totals | 2,194.75 | 100.00% |

⁽¹⁾ Equals the number of properties within the District (85) multiplied by 24(hours).

The percentage of time spent by pass-through vehicles driving through the District is 7.05%. However, this is not yet the percentage of the Clean, Safe, Beautiful Programs’ general benefit accruing to occupants of pass through vehicles. The Clean, Safe, Beautiful Programs provide both aesthetic and economic benefits, but vehicles passing through the District only receive a temporary aesthetic benefit, and not an economic benefit. Therefore, the initial percentage is reduced by half. In addition, not all pass-through vehicles will travel the full length of the District. Some may only travel within a portion of the District, while some may travel its full length. We estimate that, on average, these pass-through vehicles will travel through 50% of the District, so the total pass through time percentage is reduced by an additional 50%:

| | |
|---|--------------|
| Total Pass Through Percentage | 7.05% |
| Reduction Factor for No Economic Benefit | 0.50 |
| Reduction Factor for Length of Travel | 0.50 |
| Adjusted Total Pass-through Percentage | 1.76% |

This adjusted total pass-through percentage is considered to be the aesthetic general benefit accruing to vehicles passing through the District as a result of the Clean, Safe, Beautiful Programs.

| | |
|---|--------------|
| General Benefit: Vehicles Passing Through the District | 1.76% |
|---|--------------|

5.1.3 COLLECTIVE GENERAL BENEFIT

As noted above, we have determined that a “multi-perspective average approach” is the most appropriate approach given the combination of services specific to this District. Under this approach, the District-wide general benefits are (1) viewed in totality, (2) analyzed from more than one perspective, (3) quantified with separate percentages for each perspective, and then (4) averaged to determine a single, overall general benefit percentage. The decision of which method to use is dictated by the availability of data, the types of improvements and related benefits, as well as the layout, geography, and characteristics of the subject area. Based on the available data and the characteristics of the District, the “multi-perspective average approach” was chosen as the most appropriate method for determining the overall general benefit. Therefore, the average of the general benefit perspectives was used to determine the overall general benefit as shown in the table below:

| | |
|---|--------------|
| General Benefit: Parcels on the Periphery of the District | 7.65% |
| General Benefit: Vehicles Passing Through the District | 1.76% |
| Collective District General Benefit | 4.70% |

The general benefit, which is the percentage of the total budget that must be funded through sources other than assessments, is 4.70%. The special benefit, which is the percentage of the total budget that may be funded by assessments, is 95.30%.

6. BUDGET

The following table summarizes the estimated annual costs to fund District Services and Activities for Fiscal Year 2022/23:

| Description | Amount |
|--|---------------------|
| Clean, Safe, Beautiful Programs | \$99,438.00 |
| Marketing and Communication Program | 28,606.00 |
| Administration | 38,746.00 |
| Total Cost of Services and Activities | \$166,790.00 |

6.1 Balance to Be Assessed

The total amount to be assessed upon the specially benefitting parcels is the total cost of the Services and Activities, as detailed above, less the portion attributable to General Benefit as detailed in the Separation and Quantification of General Benefits section.

The calculation of the balance to be assessed is shown below:

| Description | Amount |
|---------------------------------------|---------------------|
| Total Cost of Services and Activities | \$166,790.00 |
| Less General Benefit Portion (4.70%) | (7,846.08) |
| Balance to Be Assessed | \$158,943.92 |

Each year the estimated budget may change, which will cause a corresponding change in the dollar amount of general benefit. However, the general benefit percentage will remain at 4.70% in future years.

6.2 Assessment per Special Benefit Point

The Assessment per Special Benefit Point is determined by dividing the Balance to Be Assessed by the sum of the Total District Special Benefit Points noted in Section 4.

The calculation of the Assessment per Special Benefit Point is shown below:

| Description | Amount |
|---|-----------------|
| Balance to Be Assessed | \$158,943.92 |
| Total District Special Benefit Points | 1,090.65 |
| Assessment per Special Benefit Point | \$145.73 |

The Assessment per Special Benefit Point is multiplied by each parcel's Total Special Benefit Points to determine an assessment amount per parcel.

7. ASSESSMENT RATES

7.1 Initial Maximum Assessment Rates

The rate below represents the maximum assessment rate per Special Benefit Point for Fiscal Year 2022/23:

$$\begin{array}{rcccl} \text{Total Costs} & & & & \\ \text{to be} & / & \text{Total Special} & = & \text{Assessment Rate per} \\ \text{Assessed} & & \text{Benefit Points} & & \text{Special Benefit Point} \\ \\ & & \mathbf{\$158,943.92 / 1,090.65 = \$145.73283} & & \end{array}$$

Based on the most recent parcel characteristics, the application of the above rate is expected to generate \$158,943.92 in assessment revenue during the first year of levy (2022/23). This assessment revenue will be supplemented by \$7,846.08 from sources other than assessments, to meet the total estimated budget of \$166,790.00. Non-assessment revenues represent 4.70% of the total budget, which corresponds to the general benefit percentage identified in the Separation and Quantification of General Benefits section of this report.

Future changes to parcel characteristics (lot, building, frontage, and land use) will cause changes in the total assessment revenue. The assessment revenue for any given year will be the product of the District’s parcel characteristics and the budget in effect for such fiscal year. Development within the District that increases the overall building square footage, for example, will lead to increased assessment revenue, even if assessment rates are not increased.

7.2 Annual Maximum Assessment Rate Increases

Each year, the Association may increase the maximum assessment rate by up to four percent (4.00%) based on demonstrated need and a recommendation by the Association in its annual report to the City Council.

In any given year, the assessments may be levied at any assessment rate sufficient to meet the estimated budget, as long as the actual assessment rate does not exceed the maximum assessment rate for that fiscal year.

7.3 Data for Annual Assessment Calculations

Each year, as part of the assessment calculation procedures, the Association shall determine the land use type for each parcel based on the Los Angeles County Assessor's use code or other appropriate supplementary information. The parcel characteristics of lot square footage and building square footage shall similarly be based on the Los Angeles County Assessor's secured rolled data for the applicable year and may be supplemented with other reliable data sources. The frontage of each parcel shall be determined by reference to Los Angeles County Assessor's parcel maps or, if necessary, to GIS data.

Assessment amounts may change over time in accordance with changes to parcel characteristics including land use type and building square footage. However, the District-wide factors used to determine the lot, building, and frontage factors, established in Section 4, shall remain fixed and not change.

7.4 Appeals

If a property owner believes the data used to calculate their assessment is inaccurate or that the identified land use type is incorrect, the property owner shall submit, in writing, a request for review to the Association. The property owner shall provide documentation needed to support the request for review. The Association staff shall review the request and provide a response to the property owner. The property owner must be current in the payment of all assessments when filing the request for review and must remain current during the review process. The property owner shall continue to pay all assessment amounts owed according to Los Angeles County's due dates.

If the review results in changes to any parcel characteristics used to compute the assessment, the Association shall recalculate the assessment. When recalculating the assessment, the assessment rate approved and applied in such fiscal year shall be used. Only the assessment for the parcel or parcels subject to review shall be recalculated.

If the recalculated assessment is less than the amount submitted to Los Angeles County on the secured property tax roll, the difference shall be credited back to the property owner. This credit shall be limited to the current fiscal year and the prior fiscal year, if applicable. The "fiscal year" shall follow Los Angeles County's fiscal year for property taxes, from July 1 to June 30. The applicable fiscal year shall be determined by the date the request for review is submitted to the Association.

For example, if a request for review is submitted to the Association during Fiscal Year 2023/24, the Fiscal Year 2023/24 and 2022/23 assessments will be reviewed. The property owner credit shall be limited to any difference calculated for Fiscal Year 2023/24 (the current fiscal year) and Fiscal Year 2022/23 (the prior fiscal year).

The credit may be provided in the form of a check to the property owner, an adjustment to the current year's property tax roll (if possible), or a credit to the succeeding year's assessment thereby reducing the amount placed on the secured property tax roll for such year.

If the recalculated assessment is greater than the amount submitted to Los Angeles County on the secured property tax roll, the Association shall apply the recalculated assessment to the succeeding year's property tax roll and no adjustments shall be made to the prior or current fiscal years' assessments.

7.5 Method of Collection

The assessments will be collected annually on Los Angeles County's secured property tax roll. The assessments will be subject to Los Angeles County's assigned due dates and late penalties. However, the Association may choose to collect the assessments in an alternative manner (including directly billing the property owner) as may be deemed appropriate or necessary by the Association.

Future changes to a parcel's characteristics (lot, building, frontage, and land use) will cause changes in the assessment amount. The assessment amounts for any given year will be the product of each parcel's characteristics and the District budget in effect for such fiscal year.

Development within the District that increases the overall building square footage, for example, will lead to a greater total levy, even if assessment rates are not increased.

8. ENGINEER'S STATEMENT

The Midtown Property and Business Owners Association has directed NBS to prepare a report presenting plans and specifications describing the general nature, location, and extent of the Services and Activities to be maintained, as well as the estimate of the costs of the maintenance, operations, and servicing of the Services and Activities for the Midtown Business Improvement District.

The assessments described in this Report have been prepared pursuant to Article XIII D of the California Constitution, the Proposition 218 Omnibus Implementation Act, and the Property and Business Improvement District Law of 1994 (collectively, the "Assessment Law"). In preparing these assessments:

1. I have identified all parcels that will have a special benefit conferred upon them by the Services and Activities described in Section 2 of this Report (the "Specially Benefited Parcels").
 - a. For particulars as to the identification of these parcels, reference is made to the Assessment Diagram, a copy of which is included in Section 9 of this Report.
2. I have assessed the estimated costs and expenses of the Services and Activities upon the Specially Benefited Parcels. In making such assessment:
 - a. The proportionate special benefit derived from the Services and Activities by each Specially Benefited Parcel was determined in relationship to the total special benefits derived by all Specially Benefited Parcels;
 - b. No assessment has been imposed on any Specially Benefited Parcel which exceeds the reasonable cost of the proportional special benefit conferred on such parcel by the Services and Activities; and
 - c. The general benefits have been separated from the special benefits and only special benefits have been assessed.

I, the undersigned, respectfully submit this Engineer's Report and, to the best of my knowledge, information and belief, this Report, the assessments, and the Assessment Diagram herein have been prepared and computed in accordance with the Assessment Law.

By: John G. Egan
John G. Egan
Assessment Engineer
R.C.E. 14853
1/19/2022

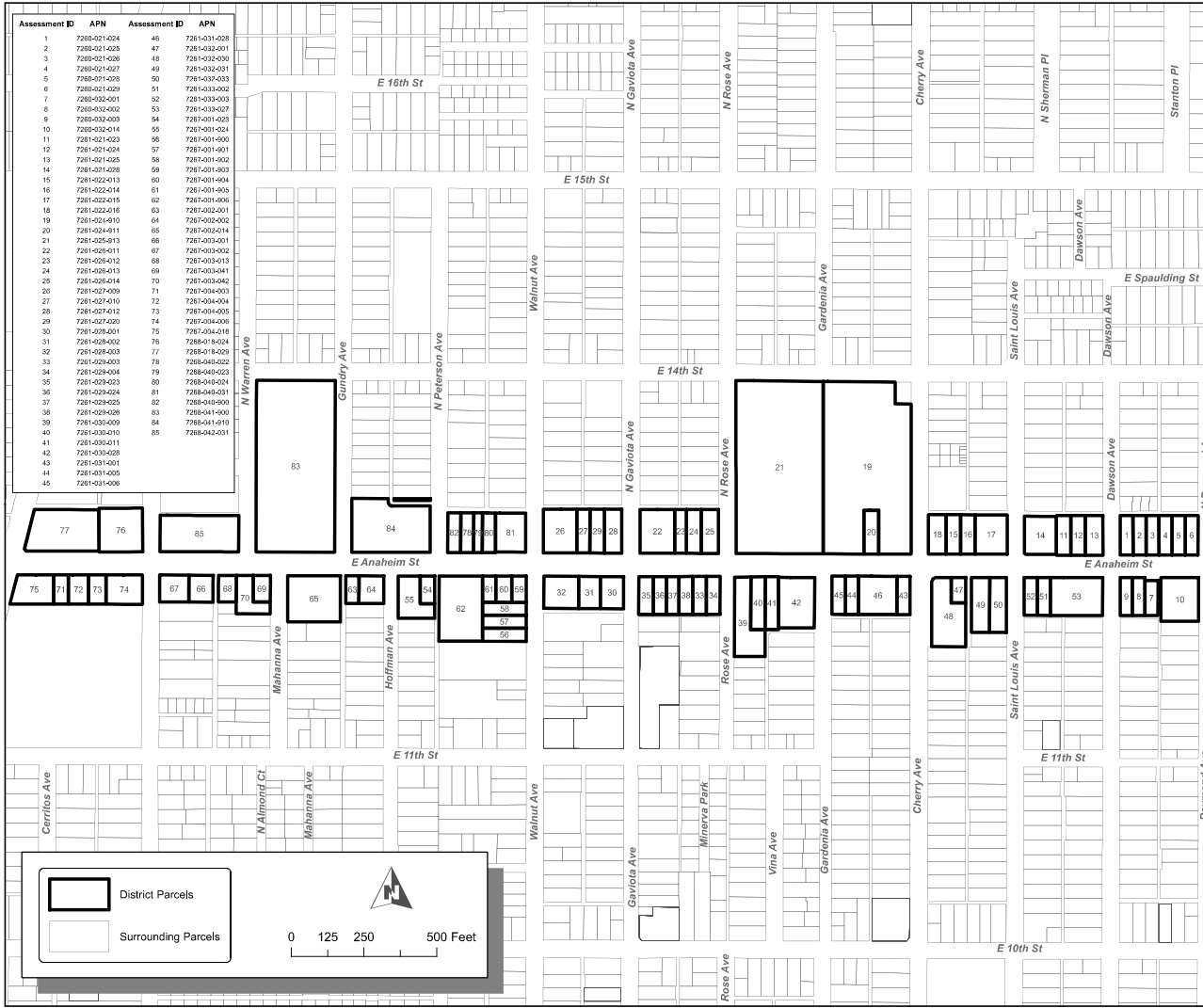


9. ASSESSMENT DIAGRAM

The following page contains the assessment diagram for the District.

ASSESSMENT DIAGRAM MIDTOWN BUSINESS IMPROVEMENT DISTRICT

CITY OF LONG BEACH
COUNTY OF LOS ANGELES
STATE OF CALIFORNIA



FILED IN THE OFFICE OF THE CITY CLERK THIS ____ DAY OF _____, 20__.

CITY CLERK
CITY OF LONG BEACH
COUNTY OF LOS ANGELES

RECORDED IN THE OFFICE OF THE SUPERINTENDENT OF STREETS THIS ____ DAY OF _____, 20__.

SUPERINTENDENT OF STREETS
CITY OF LONG BEACH
COUNTY OF LOS ANGELES

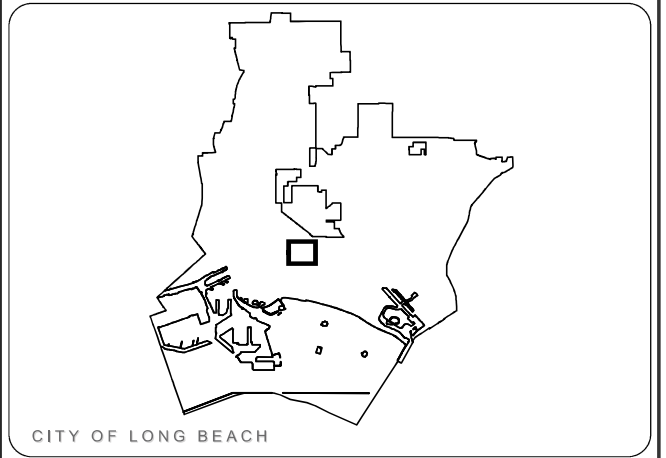
AN ASSESSMENT WAS LEVIED BY THE CITY COUNCIL ON THE LOTS, PIECES, AND PARCELS OF LAND SHOWN ON THIS ASSESSMENT DIAGRAM. THE ASSESSMENT WAS LEVIED ON THE ____ DAY OF _____, 20__ . THE ASSESSMENT DIAGRAM AND ASSESSMENT ROLL WERE RECORDED IN THE OFFICE OF THE SUPERINTENDENT OF STREETS OF THAT CITY ON THE ____ DAY OF _____, 20__ . REFERENCE IS MADE TO THE ASSESSMENT ROLL RECORDED IN THE OFFICE OF THE SUPERINTENDENT OF STREETS FOR THE EXACT AMOUNT OF EACH ASSESSMENT LEVIED AGAINST EACH PARCEL OF LAND SHOWN ON THIS ASSESSMENT DIAGRAM.

CITY CLERK
CITY OF LONG BEACH
COUNTY OF LOS ANGELES

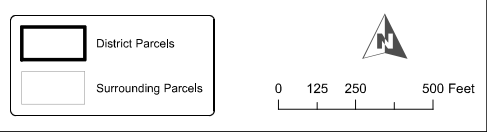
FILED THIS ____ DAY OF _____, 20__ , AT THE HOUR OF ____ O'CLOCK ____ M, IN BOOK _____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGE ____ IN THE OFFICE OF THE COUNTY RECORDER IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA.

COUNTY RECORDER
COUNTY OF LOS ANGELES

FOR PARTICULARS OF THE LINES AND DIMENSIONS OF ASSESSOR PARCELS, REFERENCE IS MADE TO THE MAPS OF THE ASSESSOR, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA.



Source: Los Angeles County GIS
Geographic Coordinate Reference: GCS North American 1983
Projection: NAD 1983 StatePlane California V FIPS 0405 Feet



10. ASSESSMENT ROLL

The following pages contain the Fiscal Year 2022/23 assessment roll for the District.

MIDTOWN BUSINESS IMPROVEMENT DISTRICT
Fiscal Year 2022/23 Assessment Roll

| Assessor's Parcel Number | Assessment ID | Property Address | Special Benefit Points | Fiscal Year 2022/23 Assessment ¹ |
|-----------------------------|---------------|-------------------|---------------------------|--|
| 7260-021-024 | 1 | 2201 E ANAHEIM ST | 8.01 | \$1,167.12 |
| 7260-021-025 | 2 | 2211 E ANAHEIM ST | 4.88 | 710.74 |
| 7260-021-026 | 3 | 2215 E ANAHEIM ST | 3.77 | 549.48 |
| 7260-021-027 | 4 | 2219 E ANAHEIM ST | 3.78 | 551.28 |
| 7260-021-028 | 5 | 2235 E ANAHEIM ST | 3.77 | 549.66 |
| 7260-021-029 | 6 | 2295 E ANAHEIM ST | 8.29 | 1,208.64 |
| 7260-032-001 | 7 | 2218 E ANAHEIM ST | 6.06 | 882.70 |
| 7260-032-002 | 8 | 2212 E ANAHEIM ST | 4.54 | 661.82 |
| 7260-032-003 | 9 | 2200 E ANAHEIM ST | 5.90 | 859.16 |
| 7260-032-014 | 10 | 2222 E ANAHEIM ST | 20.40 | 2,973.08 |
| 7261-021-023 | 11 | 2123 E ANAHEIM ST | 5.64 | 821.40 |
| 7261-021-024 | 12 | 2135 E ANAHEIM ST | 4.63 | 674.02 |
| 7261-021-025 | 13 | 2153 E ANAHEIM ST | 5.68 | 828.10 |
| 7261-021-028 | 14 | 2101 E ANAHEIM ST | 11.54 | 1,682.06 |
| 7261-022-013 | 15 | 2015 E ANAHEIM ST | 7.30 | 1,063.98 |
| 7261-022-014 | 16 | 2021 E ANAHEIM ST | 6.72 | 979.50 |
| 7261-022-015 | 17 | 2041 E ANAHEIM ST | 15.18 | 2,212.56 |
| 7261-022-016 | 18 | 2001 E ANAHEIM ST | 6.70 | 977.06 |
| 7261-024-910 | 19 | 1963 E ANAHEIM ST | 139.47 | 20,325.60 |
| 7261-024-911 | 20 | 1915 E ANAHEIM ST | 8.36 | 1,218.64 |
| 7261-025-913 | 21 | 1963 E ANAHEIM ST | 93.32 | 13,599.98 |
| 7261-026-011 | 22 | 1701 E ANAHEIM ST | 23.53 | 3,428.42 |
| 7261-026-012 | 23 | 1731 E ANAHEIM ST | 4.33 | 631.60 |
| 7261-026-013 | 24 | 1733 E ANAHEIM ST | 5.58 | 812.62 |
| 7261-026-014 | 25 | 1735 E ANAHEIM ST | 8.16 | 1,189.32 |
| 7261-027-009 | 26 | 1601 E ANAHEIM ST | 15.02 | 2,189.20 |
| 7261-027-010 | 27 | 1617 E ANAHEIM ST | 6.67 | 971.48 |
| 7261-027-012 | 28 | 1635 E ANAHEIM ST | 8.59 | 1,251.50 |
| 7261-027-020 | 29 | 1627 E ANAHEIM ST | 6.84 | 997.12 |
| 7261-028-001 | 30 | 1295 GAVIOTA AVE | 10.86 | 1,583.32 |
| 7261-028-002 | 31 | 1618 E ANAHEIM ST | 8.58 | 1,249.78 |
| 7261-028-003 | 32 | 1600 E ANAHEIM ST | 11.64 | 1,696.06 |
| 7261-029-003 | 33 | 1734 E ANAHEIM ST | 6.67 | 972.08 |
| 7261-029-004 | 34 | 1750 E ANAHEIM ST | 5.93 | 864.30 |
| 7261-029-023 | 35 | 1700 E ANAHEIM ST | 8.43 | 1,227.96 |
| 7261-029-024 | 36 | 1710 E ANAHEIM ST | 6.37 | 927.64 |
| 7261-029-025 | 37 | 1720 E ANAHEIM ST | 6.15 | 896.82 |
| 7261-029-026 | 38 | 1730 E ANAHEIM ST | 5.96 | 868.60 |
| 7261-030-009 | 39 | 1800 E ANAHEIM ST | 18.42 | 2,683.92 |
| 7261-030-010 | 40 | 1810 E ANAHEIM ST | 6.93 | 1,009.98 |
| 7261-030-011 | 41 | 1818 E ANAHEIM ST | 5.73 | 835.76 |

MIDTOWN BUSINESS IMPROVEMENT DISTRICT
Fiscal Year 2022/23 Assessment Roll

| Assessor's Parcel Number | Assessment ID | Property Address | Special Benefit Points | Fiscal Year 2022/23 Assessment ¹ |
|-----------------------------|---------------|-------------------|---------------------------|--|
| 7261-030-028 | 42 | 1842 E ANAHEIM ST | 17.92 | 2,611.92 |
| 7261-031-001 | 43 | 1942 E ANAHEIM ST | 6.82 | 993.96 |
| 7261-031-005 | 44 | 1908 E ANAHEIM ST | 5.57 | 811.62 |
| 7261-031-006 | 45 | 1900 E ANAHEIM ST | 7.84 | 1,143.00 |
| 7261-031-028 | 46 | 1934 E ANAHEIM ST | 14.09 | 2,053.38 |
| 7261-032-001 | 47 | 2016 E ANAHEIM ST | 4.77 | 694.96 |
| 7261-032-030 | 48 | 2000 E ANAHEIM ST | 20.05 | 2,922.54 |
| 7261-032-031 | 49 | 2040 E ANAHEIM ST | 8.04 | 1,171.32 |
| 7261-032-033 | 50 | 2040 E ANAHEIM ST | 10.28 | 1,497.54 |
| 7261-033-002 | 51 | 2120 E ANAHEIM ST | 4.58 | 667.06 |
| 7261-033-003 | 52 | 2100 E ANAHEIM ST | 7.06 | 1,029.04 |
| 7261-033-027 | 53 | 2130 E ANAHEIM ST | 20.29 | 2,957.38 |
| 7267-001-023 | 54 | 1436 E ANAHEIM ST | 7.18 | 1,046.72 |
| 7267-001-024 | 55 | 1430 E ANAHEIM ST | 30.38 | 4,427.82 |
| 7267-001-900 | 56 | 1205 WALNUT AVE | 3.55 | 516.94 |
| 7267-001-901 | 57 | 1207 WALNUT AVE | 3.55 | 516.86 |
| 7267-001-902 | 58 | 1209 WALNUT AVE | 3.47 | 505.32 |
| 7267-001-903 | 59 | 1546 E ANAHEIM ST | 3.70 | 539.76 |
| 7267-001-904 | 60 | 1540 E ANAHEIM ST | 2.87 | 418.00 |
| 7267-001-905 | 61 | 1530 E ANAHEIM ST | 2.35 | 342.30 |
| 7267-001-906 | 62 | 1500 E ANAHEIM ST | 19.47 | 2,836.90 |
| 7267-002-001 | 63 | 1404 E ANAHEIM ST | 4.05 | 590.80 |
| 7267-002-002 | 64 | 1420 E ANAHEIM ST | 7.17 | 1,045.14 |
| 7267-002-014 | 65 | 1360 E ANAHEIM ST | 28.65 | 4,174.80 |
| 7267-003-001 | 66 | 1214 E ANAHEIM ST | 9.20 | 1,341.34 |
| 7267-003-002 | 67 | 1200 E ANAHEIM ST | 10.93 | 1,593.24 |
| 7267-003-013 | 68 | 1230 E ANAHEIM ST | 6.98 | 1,016.48 |
| 7267-003-041 | 69 | 1350 E ANAHEIM ST | 6.73 | 981.00 |
| 7267-003-042 | 70 | 1340 E ANAHEIM ST | 5.69 | 829.32 |
| 7267-004-003 | 71 | 1168 E ANAHEIM ST | 3.98 | 580.08 |
| 7267-004-004 | 72 | 1164 E ANAHEIM ST | 7.11 | 1,035.86 |
| 7267-004-005 | 73 | 1180 E ANAHEIM ST | 3.39 | 494.64 |
| 7267-004-006 | 74 | 1190 E ANAHEIM ST | 9.59 | 1,398.12 |
| 7267-004-018 | 75 | 1158 E ANAHEIM ST | 9.53 | 1,389.02 |
| 7268-018-024 | 76 | 1199 E ANAHEIM ST | 15.60 | 2,273.50 |
| 7268-018-029 | 77 | 1165 E ANAHEIM ST | 28.06 | 4,089.54 |
| 7268-040-022 | 78 | 1511 E ANAHEIM ST | 4.47 | 650.84 |
| 7268-040-023 | 79 | 1515 E ANAHEIM ST | 2.82 | 411.56 |
| 7268-040-024 | 80 | 1525 E ANAHEIM ST | 4.33 | 631.18 |
| 7268-040-031 | 81 | 1569 E ANAHEIM ST | 12.65 | 1,844.10 |
| 7268-040-900 | 82 | 1501 E ANAHEIM ST | 5.45 | 794.68 |

MIDTOWN BUSINESS IMPROVEMENT DISTRICT
Fiscal Year 2022/23 Assessment Roll

| Assessor's Parcel Number | Assessment ID | Property Address | Special Benefit Points | Fiscal Year 2022/23 Assessment ¹ |
|-----------------------------|---------------|-------------------|---------------------------|--|
| 7268-041-900 | 83 | 1321 E ANAHEIM ST | 81.72 | 11,908.78 |
| 7268-041-910 | 84 | 1324 GUNDRY AVE | 28.27 | 4,119.68 |
| 7268-042-031 | 85 | 1223 E ANAHEIM ST | 36.10 | 5,260.90 |
| Total: | | | 1,090.65 | \$158,943.00 |

1 - Includes rounding adjustments

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