



Date: December 20, 2016

To: Mayor and Members of the City Council

From: Councilmember Al Austin, Eighth District *Al*
Councilmember Suzie Price, Third District *SP*
Councilmember Daryl Supernaw, Fourth District *DS*

Subject: Review of PBIDs/PBIAs by City Auditor

RECOMMENDED ACTION:

Request the City Auditor to conduct a limited scope audit that would include: 1) a review of internal controls over how funds are handled and spent by the PBID/PBIA; compliance with the City agreement; and possible benchmarking as to how other cities oversee PBID/PBIA's, and report back to the City Council with the findings.

BACKGROUND:

A critical component of economic development in Long Beach is the successful participation of business districts along some of the City's key commercial corridors.

Parking and Business Improvement Districts (PBIDs) and Property Business Improvement associations (PBIAs) are formed to promote and market a specified area within the City by imposing a special assessment on business and property owners.

Per state law, the City Council has the authority to establish the district or association and has the sole discretion as to how the revenue collected from assessments is to be used within the scope of state law. The City enters into an agreement with each district or association where responsibilities of both parties are outlined, including required record keeping and reporting of finances.

Currently, four PBIDs and six PBIAs exist in Long Beach, collecting a total of \$11.1 million in annual revenue, of which \$8.5 million is directly from assessments. The City owns property in all four PBIDs and pays an estimated \$440,000 in assessments as a property owner.

Some PBIDs and PBIAs have been in place for many years, while others have been recently established. Given the important role of business districts in supporting and promoting our business and property owners, it would be beneficial for the City Auditor to review these districts and associations and provide recommendations and best practices to assist the PBIDs and PBIAs, especially those in which the City is a major stakeholder.

FISCAL IMPACT: There would be a limited fiscal impact determined by the City Auditor.