



CITY OF LONG BEACH

R-18

DEPARTMENT OF PUBLIC WORKS

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May 1, 2012

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to sign the petition relating to City-owned properties located within the district to reestablish the Downtown Long Beach Property and Business Improvement District. (Districts 1 and 2)

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 XIII D of the California Constitution (Proposition 218) enables the City to create a property-based assessment district allowing property owners to voluntarily assess themselves for various services beyond those provided by the City, including enhanced maintenance, public safety, beautification, marketing and economic development programs. All properties located within the boundaries of the Long Beach Property and Business Improvement District (DLB-PBID) that receive special benefits as determined by the engineer's report must be allocated a proportional share of the assessment.

The DLB-PBID was initially established by the City Council on August 4, 1998. On January 12, 2001, the City Council executed an Agreement for Funding (Contract) with the Downtown Long Beach Associates (DLBA) setting forth the duties of the parties under an annual Budget and Management Plan with respect to the use of property owner assessment funds within the DLB-PBID area (District). On July 22, 2003, the City Council re-established the DLB-PBID for a term of 10 years. The current DLBA-PBID Contract terminates on December 31, 2013, and downtown property owners are now seeking to re-establish the DLB-PBID for an additional 10-year term.

Re-establishment of the DLB-PBID 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. In order for the DLB-PBID to be re-established and the Contract renewed, petitions must first be signed by property owners within the DLB-PBID District boundaries who will pay more than 50 percent (based on assessment value) of the proposed assessments. These petitions have been delivered to each individual parcel owner within the District, and once the signed petitions representing more than 50 percent of the assessment proposed to be levied have been received by the City, the City Council may initiate proceedings to form the district by the adoption of a Resolution of Intent (ROI) to re-

establish the District, and to set public hearings and issue ballots to each individual parcel owner.

Within the District, two different special benefit zones are proposed with two corresponding levels of service (Standard and Premium). The proposed assessment methodology includes linear street frontage, lot square footage plus building square footage. In addition, the District boundaries as proposed are expanded to the west along 3rd Street to Golden Avenue, and certain benefit zones have been modified to reflect the level of service and benefits that will be provided.

Contained within the District is the City's Civic Center complex including City Hall, the Main Library and the City parking structures. The City Council's action to authorize the City Manager's signature on the petition in favor of the DLB-PBID's re-establishment will contribute toward the requirement for more than 50 percent support (based on assessment value) needed to proceed to a vote of the property owners. In addition, the City has received a letter from Developers Diversified Realty (DDR) recommending that the City Manager sign the petition on their behalf to include the property leased by DDR (The Pike at Rainbow Harbor). DDR will pay the assessment assigned to the leased property.

The assessment amount owed by the City is based upon the special benefit received by the properties in accordance with their size and location. The calculation of the assessment is consistent with the Management Plan and the methodology detailed in the Engineer's Report. The City's anticipated assessment amount in the first year of the newly reauthorized district is estimated to be \$389,493, of which \$172,710 is related to Pike property and will be paid by DDR as required by their lease.

If more than 50 percent support is indicated in the petitions, petition results will be presented to the City Council, along with a proposed ROI, to proceed to re-establish the District. If the City Council adopts the ROI, a formal vote of the property owners (including the City) will be conducted in accordance with State law. This will include written notice of the proposed assessment to the record owners of all assessed parcels, a voting ballot, and a statement that a majority protest vote will prevent the assessment's passage. The City will conduct a public hearing upon the proposed assessment, not less than 45 days after mailing the notice to the record property owners, and consider all protests against the proposed assessment and tabulate the ballots. In tabulating the ballots, the ballots shall be weighted according to the proportional financial obligation of the affected property.

This matter was reviewed by Assistant City Attorney Charles Parkin on March 29, 2012 and Budget Management Officer Victoria Bell on April 12, 2012.

TIMING CONSIDERATIONS

The current DLBA-PBID contract terminates on December 31, 2013. City Council approval to sign the petition is needed at this time to allow completion of the renewal process within the time frames allowed under State law.

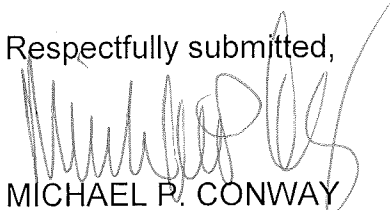
FISCAL IMPACT

The City's assessment for FY13 is \$389,493. Of this amount, \$172,710 is associated with Pike development property and will be paid to the City by DDR. The City will pay the portion of the assessment attributable to DDR after receipt of those funds from DDR. The balance of the City's FY13 assessment, \$216,783, will be paid in FY13 from the Civic Center Fund (IS 380) in the Department of Public Works (PW). There is no impact to General Fund and no local job impact associated with the recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



MICHAEL P. CONWAY
DIRECTOR OF PUBLIC WORKS

MPC:VSG:jf
P:CL/DLB_PPID. V6

APPROVED:



PATRICK H. WEST
CITY MANAGER