

# CITY OF LONG BEACH

# R-20

DEPARTMENT OF ECONOMIC AND PROPERTY DEVELOPMENT

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December 6, 2016

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Approve the Midtown Business Improvement District Annual Report and Assessment for the period of January 1, 2017 through December 31, 2017, automatically extending the current agreement with the Midtown Property and Business Owners Association for a one-year period; and, authorize payment of \$25,255 in City property assessments from the General Fund (GF). (Districts 4, 6)

## DISCUSSION

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

The 1994 Law requires that the MPBOA Advisory Board approve and file an Annual Report describing their projected budget and expenditures. The Fiscal Year (FY 17) Annual Report is attached for City Council approval. The levy of assessment will cover the period of January 1, 2017 through December 31, 2017.

The Board-approved MBID rate of assessment is based on parcel size and use, as shown on Page 6 of the attached Annual Report. The MBID Management Plan allows up to a 4 percent per year cost-of-living increase in the assessment rate. For FY 17, the MBID Board voted to maintain the assessment at the same rate as in FY 16.

### **Method of Assessment**

The MBID assessment area contains properties owned by private commercial owners and the City of Long Beach. The original assessment engineer determined the assessment should be allocated based on two parcel characteristics: lot square footage and building square footage. The original assessment rate per assessable square foot was \$0.0836. Assessable square foot is the sum of lot square footage and building square footage. Per the original engineer's report "[t]he assessment calculation is the same for every parcel in the PBID." The FY 17 assessment rate remained the same as the prior year at \$0.0836 per assessable square foot.

The table below shows the historical assessment rates:

Fiscal Year	Rate per Assessable Square	Rate Change
2015/16	\$0.0836	N/A
2016/17	0.0836	0.00%

The Law also allows the City to contract with service providers to carry out the MBID Program. Since 2015, the City has contracted with MPBOA to carry out the MBID programs. The current agreement provides that the term be automatically extended on a year-to-year basis upon City Council approval of the Assessment Report (included in the Annual Report) and related levy of assessments.

This matter was reviewed by Deputy City Attorney Amy R. Webber on November 10, 2016 and by Budget Analysis Officer Julissa José-Murray on November 15, 2016.

TIMING CONSIDERATIONS

The MBID's 2016 contract ends on December 31, 2016. City Council approval of the Annual Report and Assessment is requested on December 6 2016, to continue the assessment and extend the contract for another year.

FISCAL IMPACT

It is estimated that the MBID will generate \$161,501 in FY 17 through the proposed continuation of the assessment. Sufficient funds are included in the FY 17 Budget in the Parking and Business Area Improvement Fund (SR 132) in the Economic and Property Development Department (EP), for City pass-through payments to MBID.

The estimated MBID revenue includes a FY 17 assessment of \$25,255 for City-owned parcels. Sufficient funds have been budgeted in the General Fund (GF) in the Economic and Property Development Department (EP), Parks, Recreation and Marine Department (PR) and Library Department (LS) for the assessment payment. Approval of this recommendation will provide continued support to the local economy.

**SUGGESTED ACTION:**

Approve recommendation.

Respectfully submitted,

  
KATHRYN MCDERMOTT  
INTERIM DIRECTOR OF  
ECONOMIC AND PROPERTY DEVELOPMENT

APPROVED:

  
PATRICK H. WEST  
CITY MANAGER



**City of Long Beach**

**Midtown Business Improvement District**

**Annual Report**

**November 2016**

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**MIDTOWN BUSINESS IMPROVEMENT DISTRICT**

**MIDTOWN PROPERTY AND BUSINESS OWNER'S ASSOCIATION**

5318 E Second Street, Suite 336  
Long Beach, CA 90803

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**MAYOR**

Dr. Robert Garcia

**CITY COUNCIL**

Lena Gonzalez, First District

Jeannine Pearce, Second District

Suzie Price, Third District

Daryl Supernaw, Fourth District

Stacy Mungo, Fifth District

Dee Andrews, Sixth District

Roberto Uranga, Seventh District

Al Austin, Eighth District

Rex Richardson, Ninth District

**CITY STAFF**

Patrick H. West, City Manager

David Nakamoto, City Treasurer

Jim Fisk, Program Manager

**MIDTOWN PROPERTY AND BUSINESS OWNER'S ASSOCIATION**

Kenneth McDonald, Chairman

Lisa Patton, Treasurer

Monorom Neth, Executive Director

**NBS**

Pablo Perez, Client Services Director

Trevor Speer, Associate Director

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# **1. BACKGROUND**

Per the original Management Plan *“Through a series of property owner and stakeholder meetings the [MBID] Steering Committee collectively determined the priority for improvements and activities to be delivered by the business improvement district in order to support increased commerce, business attraction and retention, [and] increased property rental income.”*

In August of 2015 the City Council of the City of Long Beach (the “City Council”) established the Midtown Business Improvement District (the “MBID”), pursuant to the provisions of the *Property and Business Improvement District Law of 1994* (the “Law”) *Division 18 of the Streets and Highways Code, commencing with Section 36600.*

The MBID may levy assessments for a period of five years. The first levy was Fiscal Year 2015/16 and the final levy will be Fiscal Year 2019/20. Following the initial five-year term, the MBID may be renewed following a public hearing and property owner assessment ballot protest proceeding similar to the original formation.

Pursuant to Section 36614.5 of the Law, the City Council contracts with an advisory board, the Midtown Property and Business Owner’s Association (“MPBOA”), to make recommendations to the City Council on the expenditure of revenues received from the levy of assessments, the classification of properties, the method and basis of levying the assessments, and MBID budgets and policies. This Annual Report is prepared pursuant to Section 36650(a) of the Law.

## **2. *PROPOSED CHANGES***

There are no proposed changes to the boundaries, the benefit zones, or the assessment methodology of the MBID.

### **3. IMPROVEMENTS AND ACTIVITIES**

The following description of improvements and activities comes from the original engineer's report for the MBID.

#### **3.1. Clean, Safe, Beautiful Programs**

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##### **Safe Team Program**

The Safety Program will provide security services for the individual assessed parcels located within the District in the form of patrolling bicycle personnel, and walking patrols. The owner's association may also consider the use of security cameras as an additional safety program. The purpose of the Safe Team Program is to prevent, deter and report illegal activities. The presence of the Safe Team Program is intended to deter such illegal activities as public urination, indecent exposure, trespassing, drinking in public, prostitution, illegal panhandling, illegal vending, and illegal dumping for individually assessed parcels.

The Program will supplement, not replace, other ongoing police, security and patrol efforts within the District. The Safe Team Program will maintain communication with the Long Beach Police Department (LBPD) area patrols and intends to report illegal activities to the LBPD. The Safe Team Program will only provide its services to individually assessed properties within the District boundaries.

##### **Clean and Beautiful Program**

In order to consistently deal with cleaning issues, a Clean and Beautiful Program is provided. A multi-dimensional approach has been developed consisting of the following elements.

**Sidewalk Cleaning:** Uniformed, radio equipped personnel will sweep litter, debris and refuse from sidewalks and gutters within the MBID. District personnel will pressure wash the sidewalks.

**Graffiti Removal:** District personnel will remove graffiti by painting, using solvent and pressure washing. The District maintains a zero tolerance graffiti policy. An effort is made to remove all tags within 24 hours on weekdays.

**Landscape Maintenance:** Landscape maintenance includes maintaining tree wells and weed abatement.

#### **3.2. Marketing/Communication**

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It is important to not only provide the services needed in the MBID, but to tell the story of improvement in the MBID. Some of the communication/image programs being considered are:

- Web Site
- Banners
- Social Media
- Business Directory
- Business Retention
- Business Recruitment
- Events
- Customer Recruitment



### **3.3. Management**

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When implemented, the improvements and activities will be managed by a professional staff that requires centralized administrative support. Management staff will oversee the MBID's services and actively work on behalf of the MBID parcels to ensure that City and County services and policies support the MBID. Included in this item are management labor, office expense and organizational expenses such as insurance and the cost to conduct a yearly financial review. A well-managed District provides necessary program oversight and guidance that produces higher quality and more efficient programs.

Management staff expenses are allocated according to generally accepted accounting job costing procedures and are allocated to the specific areas in which staff works.

## **4. BUDGET**

The total budget for Fiscal Year 2016/17 is \$167,453. The assessment funding will be supplemented by non-assessment funds of \$5,952. This represents the general benefit accruing to the public at large and to surrounding parcels. The formation engineer estimated the general benefit to be approximately 5.96%.

### **4.1. District Budget**

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The table below shows the 2016/17 budget for the MBID:

<b>Description</b>	<b>Total Budget</b>
Clean, Safe and Beautiful	\$99,833
Marketing and Economic Development	28,720
Administration and Office	38,900
<b>Subtotal of Costs</b>	<b>\$167,453</b>
Contribution from other sources (1)	(5,952)
<b>Total amount to levy via MBID Assessment</b>	<b>\$161,501</b>

(1) Amount is approximately 5.96% of the Subtotal of Costs which represents the general benefit percentage computed in the original engineer's report at the time of formation. This amount will be funded from sources other than assessments.

### **4.2. Surplus or Deficit Carryover**

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The MBID will have a balance of approximately \$96,628 at year end. Approximately \$17,415 will be carried over and used as a contingency for 2017. The remaining \$79,213 will be carried over for expenditures in 2017.

### **4.3. Prior Year Assessment Carryover**

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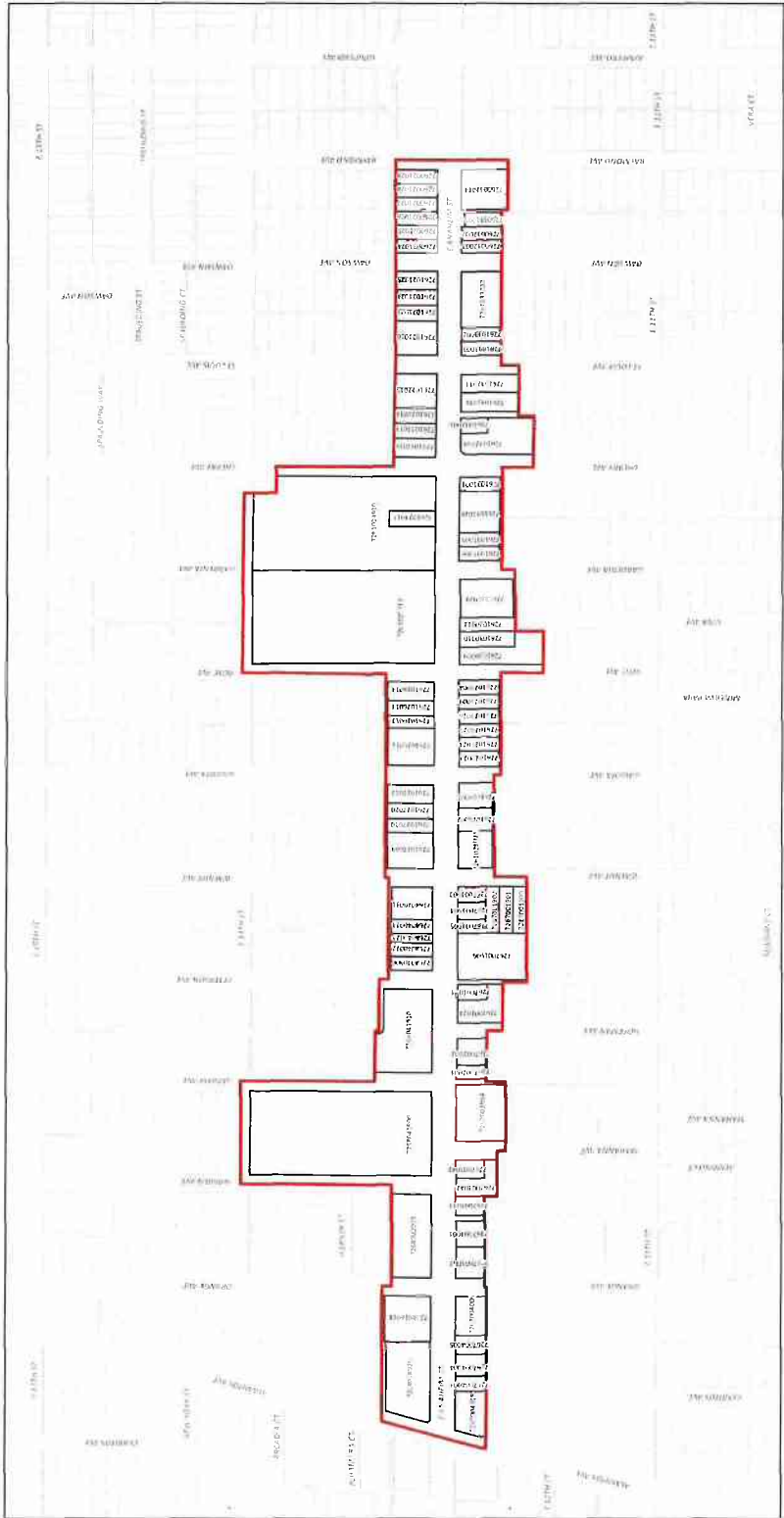
The MBID assessment was billed for the first time in fiscal year 2015/16. That assessment was not placed on the County's secured tax roll. Instead, the assessments were billed directly to property owners. Any unpaid 2015/16 assessments (without penalty) were added to the 2016/17 assessment and included on the 2016/17 secured tax roll. In future years this will not be necessary because the assessments will be billed and collected through the County's secured property tax roll.

## **5. BOUNDARIES**

The following boundary description is taken from the original engineer's report for the MBID:

*"Begin at the intersection of Alamitos Avenue and E. Anaheim Street on the north parcel line of parcel 7268018029 on the northeast corner of Alamitos Avenue. Continue east along the northern boundary of parcels facing on the north side of E. Anaheim Street to Raymond Avenue. Turn south along the west parcel line of parcel 7260021029, cross E. Anaheim Street and continue south along the east parcel line of parcel 7260032014 to the south parcel line of parcel 7260032014. Turn west along the south parcel line of parcels facing on the south side of E. Anaheim Street to Walnut Street. At Walnut Street continue along the south parcel line of parcel 7267001900. Continue north along the south parcel line of parcels facing on the west side of E. Anaheim Street to the starting point at the intersection of Alamitos Avenue and E. Anaheim Street."*

The boundary map on the following page is taken from the original engineer's report.



# City of Long Beach, California Proposed Midtown PBID

Parcel Ownership Data Source: Los Angeles County Assessor, December 2, 2014



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## 6. ASSESSMENT METHODOLOGY

### 6.1. Original Assessment Rate

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The original assessment engineer determined the assessment should be allocated based on two parcel characteristics; lot square footage and building square footage.

The original assessment rate per assessable square foot was \$0.0836. Assessable square foot is the sum of lot square footage and building square footage. Per the original engineer's report "[t]he assessment calculation is the same for every parcel in the PBID."

### 6.2. Assessment Rate Adjustments

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The original engineer's report states the following regarding assessment rate adjustments:

*"Assessments may be subject to annual increases not to exceed the assessment rates in the table below for any given year. Increases will be determined by the District Owner's Association and will vary between 0 and 4% in any given year."*

The table below comes from the original engineer's report and is the table referenced in the text quoted above.

	2016	2017	2018	2019	2020
Assessable Sq Ft Rate (Lot + Building)	\$0.0836	\$0.0869	\$0.0904	\$0.0940	\$0.0978

### 6.3. 2016/17 Assessment Rate

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The 2016/17 assessment rate remained the same as the prior year at \$0.0836 per assessable square foot.

The table below shows the historical assessment rates.

Fiscal Year	Rate per Assessable Square Foot	Rate Change
2015/16	\$0.0836	N/A
2016/17	0.0836	0.00%

## **7. ASSESSMENT ROLL**

The following pages contain the 2016/17 assessment roll for the MBID.

**City of Long Beach**  
**Midtown Business Improvement District**  
**Final Billing Detail Report for Fiscal Year 2016/17**

Account ID	Property ID	DB	Levy	PriorYearDelinq nuency	Other	Total
7260-021-024	7260-021-024-8		\$977.61	\$0.00	(\$0.01)	\$977.60
7260-021-025	7260-021-025-7		706.08	706.05	(0.01)	1,412.12
7260-021-026	7260-021-026-6		503.77	0.00	(0.01)	503.76
7260-021-027	7260-021-027-5		506.11	0.00	(0.01)	506.10
7260-021-028	7260-021-028-4		504.02	0.00	0.00	504.02
7260-021-029	7260-021-029-3		1,029.70	1,029.65	(0.01)	2,059.34
7260-032-001	7260-032-001-2		652.91	0.00	(0.01)	652.90
7260-032-002	7260-032-002-1		649.07	649.04	(0.01)	1,298.10
7260-032-003	7260-032-014-7		2,819.66	2,819.53	(0.01)	5,639.18
7261-021-023	7261-021-023-8		824.37	0.00	(0.01)	824.36
7261-021-024	7261-021-024-7		639.54	639.51	(0.01)	1,279.04
7261-021-025	7261-021-025-6		791.77	791.74	(0.01)	1,583.50
7261-021-026	7261-021-026-5		1,373.54	0.00	0.00	1,373.54
7261-022-013	7261-022-013-8		1,128.60	1,128.55	(0.01)	2,257.14
7261-022-014	7261-022-014-7		1,022.59	0.00	(0.01)	1,022.58
7261-022-015	7261-022-015-6		2,021.36	0.00	0.00	2,021.36
7261-022-016	7261-022-016-5		677.66	681.56	0.00	1,359.22
7261-024-910	7261-024-910-8	Y	23,660.97	0.00	(0.01)	23,660.96
7261-024-911	7261-024-911-7	Y	1,436.16	0.00	0.00	1,436.16
7261-025-913	7261-025-913-2	Y	14,851.70	0.00	0.00	14,851.70
7261-026-011	7261-026-011-1		3,476.25	0.00	(0.01)	3,476.24
7261-026-012	7261-026-012-0		629.00	0.00	0.00	629.00
7261-026-013	7261-026-013-9		815.26	0.00	0.00	815.26
7261-026-014	7261-026-014-8		912.74	0.00	0.00	912.74
7261-027-009	7261-027-009-3		1,942.44	0.00	0.00	1,942.44
7261-027-010	7261-027-010-0		1,034.88	0.00	0.00	1,034.88
7261-027-012	7261-027-012-8		990.74	990.70	0.00	1,981.44
7261-027-020	7261-027-020-8		1,046.67	0.00	(0.01)	1,046.66
7261-028-001	7261-028-001-9		1,406.40	1,406.34	0.00	2,812.74
7261-028-002	7261-028-002-8		1,254.00	634.45	(0.01)	1,888.44
7261-028-003	7261-028-003-7		1,380.57	0.00	(0.01)	1,380.56
7261-029-003	7261-029-003-5		1,027.02	0.00	0.00	1,027.02
7261-029-004	7261-029-004-4		601.08	0.00	0.00	601.08
7261-029-023	7261-029-023-1		1,043.99	0.00	(0.01)	1,043.98
7261-029-024	7261-029-024-0		977.61	0.00	(0.01)	977.60
7261-029-025	7261-029-025-9		938.32	938.28	0.00	1,876.60
7261-029-026	7261-029-026-8		897.27	0.00	(0.01)	897.26
7261-030-009	7261-030-009-7		3,146.70	3,146.56	0.00	6,293.26
7261-030-010	7261-030-010-4		1,178.00	0.00	0.00	1,178.00
7261-030-011	7261-030-011-3		868.52	0.00	0.00	868.52
7261-030-028	7261-030-028-4		2,352.75	0.00	(0.01)	2,352.74
7261-031-001	7261-031-001-3		771.29	0.00	(0.01)	771.28
7261-031-005	7261-031-005-9		832.07	832.03	0.00	1,664.10
7261-031-006	7261-031-006-8		958.64	958.60	0.00	1,917.24
7261-031-028	7261-031-028-2		2,017.60	2,017.51	(0.01)	4,035.10
7261-032-001	7261-032-001-1		575.16	575.14	0.00	1,150.30
7261-032-030	7261-032-030-6		2,749.60	2,749.48	0.00	5,499.08

**City of Long Beach**  
**Midtown Business Improvement District**  
**Final Billing Detail Report for Fiscal Year 2016/17**

Account ID	Property ID	DB	Levy	PriorYearDelinquency	Other	Total
7261-032-031	7261-032-031-5		967.67	967.63	0.00	1,935.30
7261-032-033	7261-032-033-3		1,375.47	0.00	(0.01)	1,375.46
7261-033-002	7261-033-002-8		650.82	650.80	0.00	1,301.62
7261-033-003	7261-033-003-7		815.18	0.00	0.00	815.18
7261-033-027	7261-033-027-9		2,676.20	0.00	0.00	2,676.20
7267-001-023	7267-001-023-4		1,001.69	1,001.65	0.00	2,003.34
7267-001-024	7267-001-024-3		4,985.48	4,985.26	0.00	9,970.74
7267-001-900	7267-001-900-2	Y	565.05	0.00	(0.01)	565.04
7267-001-901	7267-001-901-1	Y	564.96	0.00	0.00	564.96
7267-001-902	7267-001-902-0	Y	552.34	0.00	0.00	552.34
7267-001-903	7267-001-903-9	Y	376.36	0.00	0.00	376.36
7267-001-904	7267-001-904-8	Y	414.15	0.00	(0.01)	414.14
7267-001-905	7267-001-905-7	Y	339.24	0.00	0.00	339.24
7267-001-906	7267-001-906-6	Y	2,809.12	0.00	0.00	2,809.12
7267-002-001	7267-002-001-8		439.81	415.72	(0.01)	855.52
7267-002-002	7267-002-002-7		930.13	0.00	(0.01)	930.12
7267-002-014	7267-002-014-3		4,198.64	0.00	0.00	4,198.64
7267-003-001	7267-003-001-6		1,311.18	0.00	0.00	1,311.18
7267-003-002	7267-003-002-5		1,596.59	0.00	(0.01)	1,596.58
7267-003-013	7267-003-013-2		946.01	0.00	(0.01)	946.00
7267-003-041	7267-003-041-8		905.05	905.01	0.00	1,810.06
7267-003-042	7267-003-042-7		931.72	931.68	0.00	1,863.40
7267-004-003	7267-004-003-2		628.75	0.00	(0.01)	628.74
7267-004-004	7267-004-004-1		1,160.86	40.00	0.00	1,200.86
7267-004-005	7267-004-005-0		501.76	0.00	0.00	501.76
7267-004-006	7267-004-006-9		1,283.67	0.00	(0.01)	1,283.66
7267-004-018	7267-004-018-5		1,270.38	0.00	0.00	1,270.38
7268-018-024	7268-018-024-6		1,904.07	0.00	(0.01)	1,904.06
7268-018-029	7268-018-029-1		3,769.27	0.00	(0.01)	3,769.26
7268-040-022	7268-040-022-2		631.09	631.07	0.00	1,262.16
7268-040-023	7268-040-023-1		392.75	392.73	0.00	785.48
7268-040-024	7268-040-024-0		606.43	0.00	(0.01)	606.42
7268-040-031	7268-040-031-1		1,582.63	0.00	(0.01)	1,582.62
7268-040-900	7268-040-900-9	Y	508.45	0.00	(0.01)	508.44
7268-041-900	7268-041-900-7	Y	14,490.05	0.00	(0.01)	14,490.04
7268-041-910	7268-041-910-5	Y	4,636.28	0.00	0.00	4,636.28
7268-042-031	7268-042-031-7		4,922.86	0.00	0.00	4,922.86
<b>85 Accounts</b>			<b>\$160,861.89</b>	<b>\$33,616.27</b>	<b>(\$0.40)</b>	<b>\$194,477.76</b>