



Legislation Text

File #: 10-1207, **Version:** 1

Recommendation to approve the Magnolia Industrial Group Property and Business Improvement District Annual Report and Assessment for the period of December 1, 2010 through November 30, 2011, automatically extending the current agreement with the Magnolia Industrial Group, Inc., for a one-year period. (District 1)

The Magnolia Industrial Group Property and Business Improvement District (MIG-PBID) was initially established by the City Council in 1996 for a three-year period. On July 20, 1999, pursuant to the Property and Business Improvement Law of 1994 (Law), the City Council re-established the MIG-PBID for an additional five-year period. On July 15, 2003, City Council again re-established the MIG-PBID. The 2003 re-establishment required a majority vote of the property owners to be in favor of a new ten-year term.

Under the Law, Magnolia Industrial Group (MIG) property owners assess themselves an additional fee to pay for supplemental security patrol and the cleanup and removal of items such as weeds, trash, and abandoned furniture and tires within the MIG area.

The Law requires that the MIG-PBID Advisory Board approve and file an Annual Report describing their projected budget and expenditures. The 2010-2011 Annual Report is attached for City Council approval. The levy of assessment will cover the period of December 1, 2010 through November 30, 2011.

The Board-approved MIG-PBID rate of assessment is based on the square footage of developed property within the boundaries as shown on the map in Section 7 of the attached Annual Report. The MIG-PBID Management Plan allows up to a four percent per year cost-of-living increase in the assessment rate. The actual local CPI increase for the most recent period is minus 1.0 percent. For Fiscal Year 2011 (FY 11), the MIG Board voted to maintain the assessment at the same rate as Fiscal Year 2010.

In FY 11, properties over 810 square feet up to 20,000 square feet are assessed a monthly amount of \$62. Properties less than 810 square feet will not be assessed. Properties larger than 20,000 square feet are assessed a monthly amount of \$62 plus \$0.001116 for each square foot in excess of 20,000, with the maximum monthly assessment limited to \$124. The effective maximum assessment is \$1,488 per owner per year. This is below the maximum allowed for the district according to Section 6.3 of the MIG-PBID Management Plan. The total property assessment to be collected for the period of December 1, 2010 through November 30, 2011 is estimated at \$83,711.

The Law also allows the City to contract with service providers to carry out the MIG-PBID Program. Since 1996, the City of Long Beach has contracted with MIG, Inc., to carry out the security and maintenance program. 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 letter was reviewed by Assistant City Attorney Heather Mahood on October 7, 2010, Budget Management Officer Victoria Bell on October 15, 2010, and the City Treasurer's Office on October 15, 2010.

The MIG-PBID's 2010 contract ends on November 30, 2010. City Council approval of the Annual Report and Assessment is requested on November 9, 2010 to continue the assessment and extend the contract for another year.

Sufficient funds to cover the recommended contract are budgeted in the Parking and Business Area Improvement Fund (SR 132) in the Department of Community Development (CD). As a result of the reorganization efforts that are currently in transition, a formal reconciliation to transfer these funds to the Department of Public Works will occur through a future FY 11 quarterly budget adjustment. The contract amount will be fully offset by FY 11 estimated assessment revenue of \$83,711. There is no impact to the General Fund and no local job impact associated with the recommendation.

Approve recommendation.

MICHAEL CONWAY
DIRECTOR OF PUBLIC WORKS

APPROVED:

PATRICK H. WEST
CITY MANAGER