



Legislation Text

File #: 18-0902, **Version:** 1

Recommendation to approve the Downtown Long Beach Property and Business Improvement District Annual Report for the period of January 1, 2019 through December 31, 2019, automatically extending the agreement for funding with the Downtown Long Beach Alliance for one year; authorize payment of \$551,056 in City property assessments from the Civic Center Fund (IS 380) in the Public Works Department (PW) and \$5,603 from the Successor Agency Fund (SA) in the Development Services Department (DV); and

Increase appropriations in the Civic Center Fund (IS 380) in the Public Works Department (PW) by \$120,815, offset by a reduction in funds available. (Districts 1,2)

Downtown Long Beach Alliance (DLBA) has three established sources of revenue that pass through the City of Long Beach (City) to the organization. These include business operator assessments, property owner assessments, and downtown parking meter revenue sharing. This recommended action relates to property owner assessment funds for expenses related to security, maintenance, public relations, special projects, advocacy, and economic development in downtown Long Beach. City Council approves the business operator assessment separately. DLBA's Approved FY 2018-19 Budget Narrative, including all sources of revenue, is provided for reference in Exhibit A.

The Downtown Long Beach Property and Business Improvement District (DLBPBID) was established by the City Council on August 4, 1998. On August 7, 2012, the City Council re-established the DLBPBID. This re-establishment required a majority vote of the property owners in favor of re-establishing the district for a new term of ten years.

On January 12, 2001, City Council and DLBA executed an agreement for funding setting forth the duties and delegations of the parties. This agreement is automatically extended on a year-by-year basis upon approval of the Annual Report and the related levy of assessments by the City Council. The Fiscal Year 2019 (FY 19) Annual Report (Exhibit B), transmitting the recommendations of the DLBA Advisory Board, proposes the following assessment rates:

Method of Assessment

Property and Business Improvement District (PBID) self-assessment fees are collected through the County of Los Angeles from property owners within a geographical boundary in Downtown Long Beach. The assessment methodology is based on the parcel and building square footage, the linear footage of the property, and the level of services rendered to the benefit areas. There are no proposed changes to the boundaries, benefit zones or assessment methodology for the PBID.

Category	Actual Rates 2018/19	
	Standard Zone	Premium Zone
Frontage	11.3810181528	18.3836442657
Lot + Building (Com/Gov)	0.0496732889	0.0545673000
Lot + Building (Parking)	0.0324795197	0.0373735308
Lot + Building (Non-Profit/Residential)	0.0152857505	0.0201797616

The DLBA Advisory Board voted on April 18, 2018 to raise assessment rates by 3.8 percent per the allowed CPI adjustment, as reflected in the attached Budget Narrative. Properties are assessed based upon location within two defined zones in the DLBPBID area. The assessment rate and level of program service provided varies, depending upon the zone in which the property is located. Assessment rates for 2019 are described in Section 6 of Exhibit B. An estimated total property assessment revenue of \$2,637,636 is reported in Section 7. Section 4 of the report shows a DLBPBID budget of \$2,649,181 for the period. Adequate reserve funds (3 percent of estimated revenue) are available to make up any deficit between budgeted expenditures and actual revenue received for the period (Section 4 of Exhibit B).

The DLBPBID assessment area contains properties owned by private commercial and residential property owners, the City, and the Long Beach Successor Agency (SA, formerly Redevelopment Agency of Long Beach). In FY 19, the City assessment is \$551,056. Of this assessment, \$155,258 is related to Pike property development and will be paid to the City by Developers Diversified Realty (DDR), as required by their lease. The City will forward those funds to the DLBPBID to fund that portion of the assessment. Also included is a SA property assessed at \$5,603, which will be paid by the City using SA funds. The City's assessment less the Pike Property and the SA property, is \$390,195. The City's assessment with the SA property is \$395,798 and represents approximately 15 percent of the total levy of \$2,637,636 for program year 2019. Exhibit C details City and SA-owned properties located within the DLBPBID.

The Property and Business Improvement District Law of 1994 (Law) requires that the DLBA Board of Directors file an Annual Report detailing the DLBPBID assessment methodology and assessment levy filed with Los Angeles County. The subject levy of assessment will cover the DLBPBID contract period with the DLBA from January 1, 2019 through December 31, 2019. The Annual Report of Levy and Assessment is provided as Exhibit B for City Council approval.

The City enters into agreements with business and/or property owner associations (associations), which utilize assessment revenues to provide services and improvements in Business Improvement District (BID) areas, that set forth the parameters and requirements of the relationship between the associations and the City. These agreements include requirements such as annual reporting requirements, deadlines, and payment schedules.

These agreements perpetuate annually based on the City Council's approvals of annual reports. Per the City Auditor's recommendation in the BID Oversight Audit, the City will re-execute the agreement with the DLBA to reflect current procedures and other changes deemed necessary. The agreement will be periodically revisited as processes and requirements change to ensure it stays current and relevant.

This matter was reviewed by Deputy City Attorney Amy R. Webber and Budget Analysis Officer Julissa José-Murray on September 24, 2018.

The current DLBPBID contract terminates on December 31, 2018. City Council approval of the Annual Report and related levy of assessment is requested on October 9, 2018, to ensure timely transfer of assessment revenue as required by City contract.

It is estimated that the DLBPBID will generate \$2,637,636 in FY 19 through the proposed continuation of the assessment. Assessment funds are collected through additional fees attached to property owner assessment payments in the DLBPBID area. All revenues are passed directly through to the DLBA for implementation of annual programs.

The total City share of the DLBPBID assessment for FY 19 is \$551,056. The Public Works Department is responsible for \$551,056 of the assessment. Currently, \$430,241 is budgeted in the Civic Center Fund in the Public Works Department to cover the City's portion of the assessment. An appropriation increase of \$120,815 is requested in the Civic Center Fund (IS 380) in the Public Works Department (PW), to cover the unbudgeted portion of the assessment, offset by funds available.

The FY 19 assessment amount for all Successor Agency-owned parcels is \$5,603. Sufficient funds for the Successor Agency assessments are budgeted in the Successor Agency Fund (SA) in the Development Services Department (DV).

There is no local job impact associated with this recommendation.

Approve recommendation.

JOHN KEISLER
DIRECTOR OF ECONOMIC DEVELOPMENT

CRAIG BECK
DIRECTOR OF PUBLIC WORKS

APPROVED:

PATRICK H. WEST
CITY MANAGER