



City Council Report

City Council Meeting: March 26, 2019
Agenda Item: 3.F

To: Mayor and City Council
From: Andy Agle, Director, Housing and Economic Development, Economic Development Division
Subject: Proposed South Lincoln Boulevard Assessment District

Recommended Action

Staff recommends that the City Council:

- 1) Conceptually approve the draft management plan for the proposed South Lincoln Boulevard Property-Based Assessment District; and
- 2) Affirm the City's financial support for the general benefits associated with the assessment district of approximately \$7,000 to \$11,000 per year over a ten-year period.

Summary

In today's increasingly competitive commercial market, maintaining and enhancing a vibrant business district or corridor is increasingly supported by property owner assessments. In anticipation of upcoming streetscape improvements to the southern portion of Lincoln Boulevard, from the I-10 Freeway to Ozone Street, staff has been working with local stakeholders to explore the formation of a property-based assessment district (PBAD) for South Lincoln Boulevard to provide services that supplement what is already provided by the City. In response to favorable interest from engaged property owners, the City's consultants, P.U.M.A. and KLI Finance, have prepared a draft management plan for the proposed PBAD. If Council supports the recommendations described in the draft management plan, including the City's financial support for general benefits, staff would work with the property owner steering committee to commence the PBAD formation process in accordance with Proposition 218, including a petition drive and ballot initiative.

Discussion

In 2012, the California Department of Transportation relinquished control of the southern portion of Lincoln Boulevard to the City. Since that time, the City has been

working to address deferred maintenance and collaborating with the community to revitalize and reimagine Lincoln Boulevard. The efforts led to the adoption of the Lincoln Neighborhood Corridor Plan (LiNC) in April 2017. LiNC aims to create a more functional and aesthetically pleasing pedestrian experience by focusing on streetscape enhancements, beautification, and business improvements. Construction plans for streetscape and transportation improvements are currently in development, with construction expected to begin in late 2019 and take 15-18 months to complete.

A goal of LiNC is to pair the City’s investments in streetscape improvements with the formation of a merchant association, business improvement district (BID) or property-based assessment district (PBAD) that supports the area through enhanced maintenance, quality-of-life, and marketing efforts. Santa Monica has several BIDs in the following commercial areas: Montana Avenue, Pico Boulevard, Main Street, and throughout downtown Santa Monica, as well as PBADs that cover the downtown, all of which provide for marketing, promotion and other enhanced services to businesses and/or property owners. As a result of extensive outreach efforts, stakeholders and property owners demonstrated sufficient interest to warrant consideration of a PBAD. The consultant team was engaged to assess the feasibility of forming a PBAD and to prepare a management plan.

South Lincoln Boulevard PBAD Draft Management Plan

The South Lincoln Boulevard Property Based Assessment District Draft Management Plan (Plan) (Attachment A) describes the goals, district boundaries, prospective services, annual budget, assessments, governance, and duration for the proposed PBAD for properties fronting Lincoln Boulevard between the I-10 Freeway and the southern City limit (approximately 17 blocks). To maintain a consistently clean, welcoming, and attractive streetscape experience, as well as improve pedestrian safety along the corridor, the PBAD allows property owners to assess themselves to pay for enhanced cleaning and quality-of-life ambassador services in addition to the base services provided by the City. Estimated expenditures and revenues for the proposed PBAD are outlined below.

EXPENDITURES	BUDGET	% of Budget
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Environmental Activities – <i>Clean + Quality-of-Life Ambassadors (80 -120 weekly hrs.)</i>	\$225,000	64.29%
Economic Enhancements – <i>Advocacy, Image Enhancement, Admin Costs, and Special Projects</i>	\$125,000	35.71%
Total Expenditures	\$350,000	100.00%
REVENUES		
Assessment Revenues	\$342,768	97.93%
Other Revenues (General Benefit)	\$7,232	2.07%
Total Assessment District Revenues	\$350,000	100.00%

The proposed PBAD assessment methodology is based on building square footage, linear street frontage, and type of use. Most parcels host a variety of commercial and auto-related businesses. The commercial uses would be assessed \$0.326 cents per square foot of building area and \$16.38 per linear foot of street frontage per year. Parcels with non-commercial uses, including two multi-family residences, a senior housing community, an early childhood learning center, and Olympic High School, would pay a lower assessment rate, since the uses do not benefit from PBAD activities to the same degree as commercial uses. Residential (less than four residences), non-profit, government, and school parcels would be assessed at \$0.195 cents per building square foot and \$9.99 per linear foot per year. The total annual assessment revenues are estimated at \$342,768.

General benefits, which benefit the public at large, must be separately identified and quantified. The Plan reflects the engineer’s determination that a portion of the customer services provided by the PBAD ambassadors would benefit the public at large and thereby should be classified as general benefit. The annual cost of the general benefit is estimated at \$7,232, approximately two percent of the total budget. To leverage over \$300,000 in private investment, staff recommends that the general benefit portion be funded by the City as it constitutes a benefit to the general public and is an expense currently funded by the City for other PBADs.

PBAD assessments appear as a separate line item on the annual Los Angeles County property tax bills. As with other PBADs in the City, assessment rates would be subject to annual increases of up to five percent. The duration of the PBAD would be for ten

years, beginning in January 2021 and continuing through December 31, 2030.

Governance of the PBAD would be managed by a new non-profit owners' association with a seven- to eleven-member board.

Next Steps

If Council conceptually approves the draft Plan, property owners would initiate a petition process to determine if at least 40 percent of property owners, weighted by proposed assessment amount, support establishing a PBAD. If the petition process is successful, City staff would conduct a formal Prop 218 ballot vote. At least 50 percent of ballots received, weighted by proposed assessment amount, are required for adoption of the PBAD. The City does not own any properties within the proposed PBAD and therefore is unable to cast a vote of support.

If the proposed PBAD is adopted by property owners, Council approval of a resolution approving the formation would be required. Assessments would be recorded with the Los Angeles County Tax Assessor's Office, and a service and maintenance agreement between the City and the owners' association would be drafted to reflect baseline and enhanced services, as well as the administration fee to recover City costs for collecting assessments and transferring funds to the PBAD. The City's administration fee would be approximately \$80 per parcel and adjusted by CPI each year, for a total estimated revenue to the City of \$10,080 for the first year.

Past Council Actions

<i>Meeting Date</i>	<i>Description</i>
<i>April 25, 2017 (Attachment A)</i>	<i>Adoption of the LiNC Streetscape Plan</i>
<i>November 24, 2015 (Attachment B)</i>	<i>Review and Discussion on LiNC Concepts</i>
<i>June 10, 2014 (Attachment C)</i>	<i>Approval of Planning Services Related to LiNC</i>

Financial Impacts and Budget Actions

There is no immediate financial impact or budget action necessary as a result of the recommended action. If the petition and ballot thresholds are met, staff would return to Council to request budget authority for general benefits.

Prepared By: Kriss Casanova, Senior Development Analyst

Approved

Forwarded to Council



Andy Agle, Director

3/18/2019



Rick Cole, City Manager

3/18/2019

Attachments:

- A. April 25, 2017 Staff Report (Web Link)
- B. November 24, 2015 Staff Report (Web Link)
- C. June 10, 2014 Staff Report (Web Link)
- D. Draft S. Lincoln Blvd. Management Plan