

**DOWNTOWN LONG BEACH  
PROPERTY-BASED BUSINESS IMPROVEMENT DISTRICT (PBID)  
MANAGEMENT PLAN  
FINAL PLAN – JUNE 2012 (06/04)**

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**Exhibits:**

Engineer's Report  
List of properties to be benefited  
Map with parcel detail  
Base level of service letter of intention from City of Long Beach  
Legal Memorandum

Prepared for the  
**Downtown Long Beach Associates PBID Steering Committee**  
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**DOWNTOWN LONG BEACH**  
**PROPERTY-BASED BUSINESS IMPROVEMENT DISTRICT (PBID)**  
**MANAGEMENT PLAN SUMMARY**  
**FINAL PLAN – JUNE 2012 (06/04)**

The Downtown Long Beach Property-Based Business Improvement District (PBID) is a special benefit assessment district formed in 1998 and renewed in 2003 that conveys special benefits to each individual assessed parcel located within the district boundaries. Downtown property owners are now seeking to continue the PBID for an additional ten-year term. As described in this plan, it is proposed that the PBID will continue to provide funding for enhanced maintenance, public safety, beautification, marketing and economic development programs, above and beyond those provided by the City of Long Beach.

<b>Location</b>	The district will encompass the core of Downtown Long Beach, including approximately 70 blocks that are bounded approximately by Shoreline Drive to the south, Golden Shore to the west and Alamitos Avenue to the east. The northern boundary is 3 <sup>rd</sup> Street along the western part of the district, 8 <sup>th</sup> Street in the central part and 4 <sup>th</sup> Street along the eastern part. <i>A map of the proposed district boundary is provided on page 10.</i>
<b>Improvements &amp; Activities</b>	<p><b><i>A Clean, Inviting and Vibrant Downtown:</i></b> The PBID will finance improvements and activities that will improve the Downtown environment and experience for property owners, residents, workers and visitors, including:</p> <p><b><i>Environment:</i></b></p> <ul style="list-style-type: none"> <li>• <b>Clean Teams</b> that sweep, scrub and power wash sidewalks, remove litter and graffiti, increase the frequency of trash removal and maintain landscaping within the Downtown.</li> <li>• <b>Safety Guides</b> that provide information on Downtown activities and attractions, work with local police, businesses, and homeowners associations to prevent crime and work productively to reduce homelessness and street populations.</li> <li>• <b>Beautification</b> improvements that make Downtown more visually attractive, including enhanced streetscape, landscaping, street furniture, lighting, public art and banners.</li> </ul> <p><b><i>Economy:</i></b></p> <ul style="list-style-type: none"> <li>• <b>Economic Development</b> services aimed to assist property owners in recruitment and retention of tenants, including efforts to fill storefronts, attract diverse retail and employers to occupy office buildings.</li> <li>• <b>Marketing &amp; Special Events</b> to promote a positive image and activate Downtown with a regularly scheduled series of festivals, events, promotions and public relations activities.</li> </ul>
<b>Method of Financing:</b>	Levy of assessments upon real property that benefit from improvements and activities.

<b>Budget:</b>	Total district budget for its first year of operation is \$2,270,901:			
	<b>REVENUES</b>	<b>Assessments</b>	<b>Other (a)</b>	<b>TOTAL</b>
	PBID Assessments	2,248,416		
	Other (a)		22,485	
	<b>TOTAL REVENUES</b>			<b>2,270,901</b>
	<b>EXPENDITURES</b>			
	<b>Environment</b>			
	Clean Teams	763,967	7,640	771,607
	Downtown Safety Guides	580,339	5,804	586,143
	Beautification	96,704	967	97,671
	<b>Total Environment</b>	<b>1,441,010</b>	<b>14,411</b>	<b>1,455,421</b>
	<b>Economy</b>			
	Economic Development	265,762	2,658	268,420
	Marketing & Events	299,714	2,997	302,711
	<b>Total Economy</b>	<b>565,476</b>	<b>5,655</b>	<b>571,131</b>
	<b>Administration &amp; Reserves</b>			
	Administration & Communications	174,478	1,745	176,223
	Delinquency Reserve (3%)	67,452	675	68,127
	<b>Total Admin &amp; Reserves</b>	<b>241,930</b>	<b>2,419</b>	<b>244,349</b>
	<b>TOTAL EXPENDITURES</b>	<b>2,248,416</b>	<b>22,485</b>	<b>2,270,901</b>
	<i>(a) Non-assessment funding to cover the cost associated with general benefits from services.</i>			
<b>Cost:</b>	Annual assessments are based upon a calculation of benefits provided, an allocation of costs for providing those special benefits within two benefit zones and a calculation of linear frontage, lot and gross building square footage within each zone. Two different benefit zones are proposed with two different levels of service. The deployment and frequency of clean and safe services in the Premium zone will be greater than the deployment and frequency of clean and safe services in the Standard zone.			
	Parking structures, residential properties and properties owned and used for non-profit purposes pay an adjusted and reduced rate. Estimated annual maximum assessment rates for the first year of the district are:			
		<b>Standard</b>	<b>Premium</b>	
	Annual Assessment for Lot Frontage (all properties) per foot	\$ 9.692	\$ 15.655	
	Plus: Lot + Building Square Footage			
• Commercial & government properties	0.0423	0.0465		
• Parking structures	0.0277	0.0318		
• Residential & Non-Profits	0.0130	0.0172		
<b>Cap</b>	Annual assessments may increase no more than 5% per year consistent with the increase in the Tri-County consumer price index (CPI) and increases in other program			

	costs. The determination of annual adjustments in assessment rates will be subject to the review and approval of the Downtown Long Beach Associates (DLBA) Board of Directors, which serves as the PBID Owner's Association.
<b>City Services</b>	The City of Long Beach has provided an accounting of baseline services that are currently provided within the District and will continue through the duration of the planned renewal. <i>The City base level of service agreement is included as an Exhibit.</i>
<b>Collection</b>	PBID assessments appear as a separate line item on the annual Los Angeles County property tax bills. Any parcel not on the property tax rolls, such as a government or non-profit owned parcels, will be directly billed by the DLBA or a third-party contractor.
<b>District Governance:</b>	<p>The PBID will continue to be governed by the Downtown Long Beach Associates (DLBA), a 501(c)6 non-profit organization consisting primarily of property owners, businesses and residents within the district. Acting as the Owner's Association for the district, DLBA will determine budgets, assessment rates subject to the parameters contained in the Management Plan and monitor service delivery that is provided by DLBA staff and/or contractors.</p> <p>The DLBA Board of Directors includes a diverse representation of stakeholders, including Downtown property owners, businesses and residents. Currently, there are nine commercial property owners and two resident representatives on the 19 member voting board. Acknowledging that residential condominiums and parcels owned by non-profits will be added to the PBID, the DLBA Board will consider appropriate representation from these stakeholder groups.</p>
<b>District Continuation</b>	California law for PBID district continuation requires the submission of petitions signed by property owners in the proposed district who will pay more than 50% of the total assessments (i.e. petitions must represent more than 50% of the \$2,248,416 to be assessed). Petitions are submitted to the Long Beach City Council, and the City will send mail ballots to all affected property owners. The majority of ballots returned, as weighted by assessments to be paid, must be in favor of the PBID in order for the City Council to consider approval.
<b>Duration</b>	Collection of the first year's assessments will be included in Los Angeles County's 2012-2013 tax bill with services beginning January 1, 2013 and continuing through December 31, 2022. A five-year review of the district will evaluate market conditions and the need for any adjustments to the Management Plan. Any subsequent renewal of the district will require a new management plan, petition and mail ballot process.

## **I. WHY CONTINUE THE DOWNTOWN LONG BEACH PBID?**

### **What Is A PBID?**

The International Downtown Association estimates that more than 1,000 PBIDs currently operate throughout the United States and Canada. A PBID provides enhanced improvements and activities, such as public safety, maintenance and image enhancement, above and beyond those provided by local government. PBIDs provide services that improve the overall viability of downtown districts -- resulting in higher property values, sales and tax revenues and an improved quality of life.

Since the creation of California's Property and Business Improvement District Law in 1994, nearly 100 new PBIDs have been established in California downtowns, including Sacramento, Oakland, Los Angeles, Santa Monica and San Diego. The Downtown Long Beach PBID was established by property owners in 1998 and then renewed in 2003. The existing PBID will expire in 2013 and must be replaced by a new PBID if enhanced services are to continue.

Since PBID legislation was enacted in California nearly 20 years ago, there have been changes in both the character of Downtowns and the laws that govern the application of special assessments. Downtowns, including Long Beach, have emerged as vibrant mixed-use communities, becoming population centers in addition to their traditional role as business centers. Amendments to the state constitution have changed the application of assessment laws, including PBIDs, to allocate costs to all parcels that receive a benefit from PBID services, regardless of the parcel's use. The PBID renewal process in Long Beach is an opportunity to tailor the district to Downtown's changing dynamics, and to adapt the latest practices supported by applicable laws and court cases.

### **Why Continue the PBID for Downtown Long Beach?**

#### **1. "Clean and Safe" Has Worked – We Can't Go Backwards**

Downtown stakeholders agree that the supplemental cleaning and safety services funded by the PBID have succeeded to make Downtown Long Beach safer and more attractive. From a property owner and resident survey completed in the summer of 2011, 86% of respondents agree that the general appearance of Downtown has improved, 82% agree that it is cleaner and 65% agree that it is safer. There is concern that if the PBID goes away, Downtown's gains in clean and safe will slip.

#### **2. PBID Services are an Excellent Value & Accountable To Those Who Pay**

By combining resources, Downtown property owners, businesses and residents are able to benefit from a wide variety of enhanced services that keep Downtown safe, clean and vital. Services are directly accountable to Downtown stakeholders. Decisions on the annual PBID work program, budget and assessments are made by affected property owners, businesses and residents. Costs are reasonable, ranging from less than a dime per square foot per year for most commercial properties to approximately \$5 to \$10 per month or less, depending on location within the proposed benefit zones, for residents.

### **3. The PBID Is More Important Than Ever in Challenging Economic Times**

Most stakeholders value the PBID more than ever as a foundational tool that can help Downtown navigate through the current economic turbulence. With a challenging national and regional economy, the PBID is something that can be controlled. By delivering enhanced services to help make Downtown safe, clean and vital, it also provides a competitive advantage as Downtown prepares for economic recovery.

### **4. The PBID Helps Unify Downtown and Makes Us More Influential**

With the PBID, Downtown speaks with a unified voice to guide a variety of policies and issues affecting Downtown Long Beach. The PBID fosters a sense of community and brings different groups together to focus on improving Downtown.

## **Process to Develop the PBID Management District Plan**

To develop the Management District Plan and to continue the Downtown Long Beach PBID, Downtown property and business owners, residents and civic leaders have been involved in a participatory process that was initiated in the spring of 2011. The consulting firms of Progressive Urban Management Associates (PBID consultant), Kristin Lowell Inc. (certified engineer) and Goldfarb and Lipman (legal counsel) were retained by the DLBA to develop the Management Plan for continuing the PBID. Key steps included:

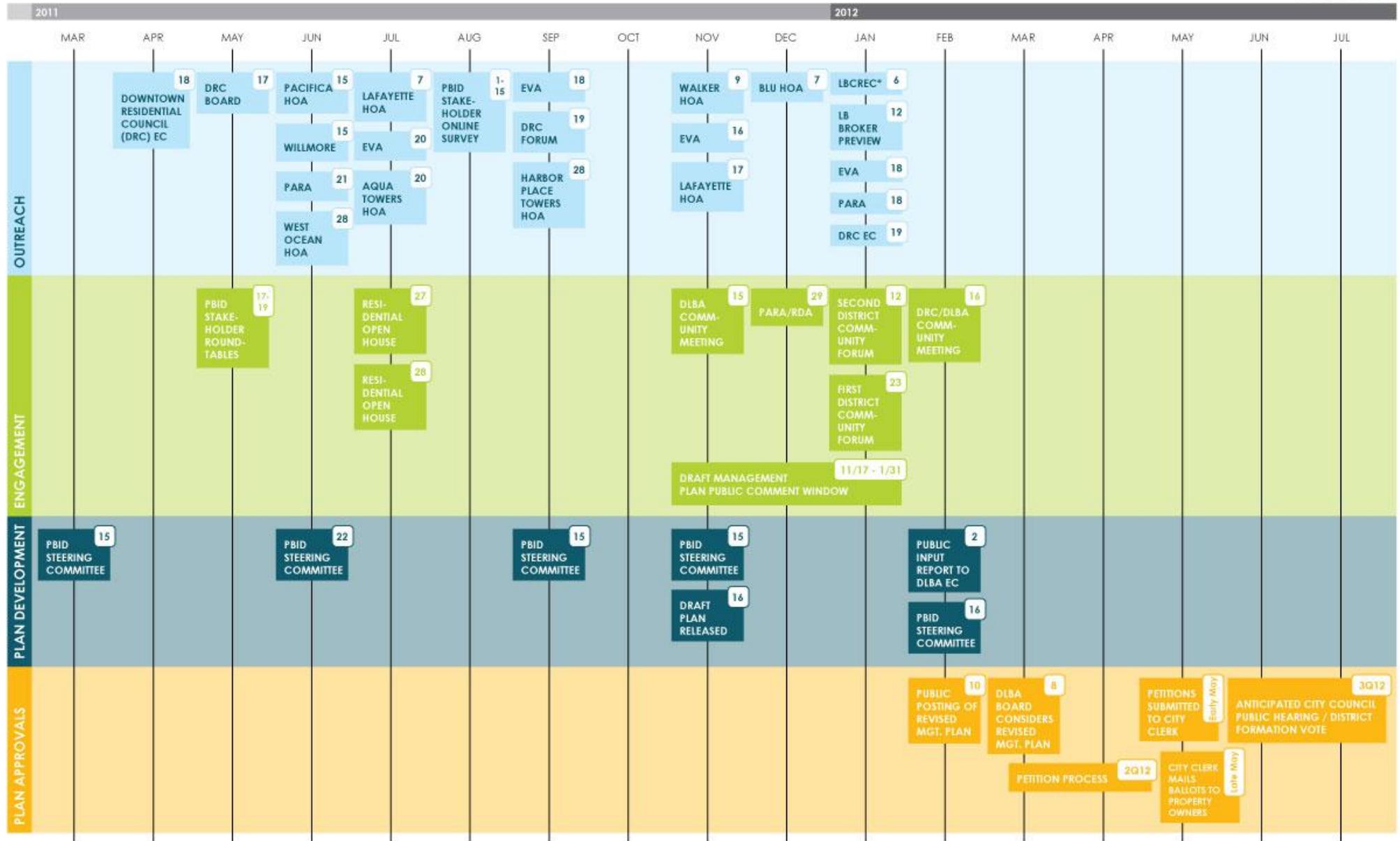
- 1. DLBA Oversight:** To guide the consultant team and validate PBID renewal concepts, the DLBA Board of Directors and a PBID Steering Committee made up of a diverse array of Downtown property owners have served to review PBID Management Plan concepts as they have been developed.
- 2. One-On-One and Roundtable Meetings with Property Owners:** The DLBA staff and consultants conducted a series of one-on-one and roundtable meetings with property owners located throughout the PBID. Top improvement priorities and guiding principles that emerged from the meetings with property owners and consultation with the PBID Committee included:
  - Providing consistency in the Downtown experience, particularly the basics of clean and safe, is critical to Downtown's overall vitality.
  - Make sure that PBID services are supplemental to, and do not replace, City services.
  - Make it simple and non-bureaucratic and keep costs reasonable.
- 3. Resident Open Houses & Meetings with HOAs:** DLBA staff and consultants conducted a series of meetings with neighborhood associations, HOAs, and other resident groups located in the PBID. Since residents benefit from environmental improvements provided by the PBID, owner-occupied units are being added to the district. While residents reinforced the preceding themes, they also emphasized:
  - Any new assessment funds collected from residents should be used for enhanced PBID services.
  - Residents expect proportional representation and voice in PBID decision-making.

4. **Online Survey:** Approximately 300 Downtown stakeholders, mostly residents, responded to an online survey seeking suggestions and priorities for the design of the PBID. Top improvement priorities from the survey included:
  - Economic development with an emphasis on activating storefronts and attracting new businesses.
  - Improve efforts to reduce homelessness.
  - Make Downtown more attractive, including upgrading street furniture and storefronts.
5. **City Base Level of Services:** Concurrent with the property and business-owner outreach process to develop the PBID Management Plan, meetings were held with City staff to develop an accounting of current city services and a policy commitment to continue these services through the duration of the PBID.

**Plan Review & Final Plan:** The draft PBID Management District Plan and budget was reviewed by the DLBA Board of Directors, PBID Steering Committee and individual property owners. Affected property owners were invited to a series of public forums in the fall of 2011 to review the plan. Following the public forums, an online survey tool was developed to allow all individual stakeholders to have an opportunity to provide comments on the plan. The online survey tool was available from mid November 2011 through the end of January 2012. More than 71 individuals responded to the online review, adding more than 440 comments and suggestions. Also during the review process, meetings were held with additional property owners, HOAs and interested parties. Each of Downtown's two City Councilmembers held public review sessions. Input from these meetings was considered for the final draft of the plan.

A chart illustrating the process to develop the Final Draft PBID Management Plan and its anticipated approval schedule is provided on the following page.

# PROPERTY BASED IMPROVEMENT DISTRICT (PBID) - Management Plan Development and Approval Process Timeline



\* LONG BEACH COMMERCIAL REAL ESTATE COUNCIL

## II. PBID BOUNDARIES

The PBID will encompass approximately 70 blocks of the core of the Downtown area bounded roughly by:

- Shoreline Drive to the south, including the Pine Avenue Circle
- Golden Shore to the west and
- Alamitos Avenue to the east.
- To the north, 3<sup>rd</sup> Street in the western part of the PBID, 8<sup>th</sup> Street in the central part and 4<sup>th</sup> Street in the eastern part.

Included in the expansion to the PBID during this cycle of renewal are the blocks bounded by Pacific, Broadway, Maine and 3<sup>rd</sup> Street. This area has been added due to the increase in pedestrians, traffic and other activity in the PBID that is expected to result from the new state courthouse facility.

**Benefit Zones:** Two benefit zones are proposed with two different levels of service. The deployment and frequency of clean and safe services in the Premium zone will be greater than the deployment and frequency of clean and safe services in the Standard zone. The benefit zones are delineated as follows:

- **Premium Service Zone** includes most blocks in the central portion of the PBID bounded by Long Beach Boulevard to the east, 6<sup>th</sup> Street to the north, Pine and Pacific Avenues to the west and Ocean Boulevard to the south.
- **Standard Service Zone** includes much of the western portion of the PBID bounded roughly by Pacific Avenue, 3<sup>rd</sup> Street, Golden Shore, Shoreline Drive and Ocean Boulevard. To the east, the Standard zone is roughly bounded by Elm Avenue, 4<sup>th</sup> Street, Alamitos Avenue and Ocean Boulevard.

Changes to the treatment of properties and service zones during this cycle of PBID renewal include:

- **Moving to two service zones, as opposed to three.** The pre-existing “basic zone” is to be eliminated and replaced with Standard services. The introduction of Standard services acknowledges increased activity in the basic zone area, plus the anticipation that service demands will continue to grow from activity generated by the state courthouse facility, among other entitled developments.

**Add owner-occupied residential units and properties owned by non-profits.** Consistent with the provisions of Article XIII D of the California Constitution (Proposition 218) and subsequent case law, all owner-occupied residential parcels and properties owned by non-profit organizations within the PBID that receive special benefits from PBID services will be assessed. These parcels will benefit from Environment services (i.e. clean, safe and beautification) and will be assessed for their proportionate share of benefit from these services. *See Exhibit: legal memo.*

**A map of the proposed district boundary is provided on the following page** and a more detailed map with specific parcel lines is included as an Exhibit.

# Proposed PBID Boundaries & Benefit Zones



### III. IMPROVEMENTS AND ACTIVITIES

PBID services are above and beyond those provided by the City of Long Beach. The City of Long Beach has provided an accounting of baseline services that are currently provided within the District and will continue through the duration of the planned renewal. *The City base level of service agreement is attached as an Exhibit.*

#### ENVIRONMENT

PBID “Environment” activities and improvements are intended to provide a clean, safe and attractive Downtown. Environment activities, which include clean, safe and beautification, benefit each individual assessed parcel, including commercial, government, parking structures, non-profits and residential.

##### Clean and Safe Program

Downtown’s Clean and Safe program was developed following the creation of the PBID in 1998. Objectives in managing the program have included:

- Deploy a Clean and Safe program that will make a visible, tangible and lasting impact.
- Document existing City services and ensure that PBID-funded services are supplemental to, and do not replace, existing City services.
- Ensure that the program is properly capitalized and that additional funding will not be required once the PBID is created.
- Provide flexibility in the modeling of the program so that the PBID can either create its own in-house program or contract with private firms.

To meet these objectives, uniformed **Clean Teams** have been deployed throughout Downtown to remove litter and graffiti, steam clean sidewalks and maintain furniture in public places. **Safety Guides** provide an emphasis on public safety and have been effective at deterring nuisance crimes, providing hospitality services to Downtown visitors and connecting the district’s homeless population to available resources. Recent yearly achievements of PBID funded Clean Team and Safety Guide crews include:

- Pressure washing of more than 36 million square feet of sidewalks
- Removal of 8,136 graffiti tags and stickers
- Nearly 192 tons (384,000 pounds) of trash were collected
- Nearly 6,000 pounds of weeds were removed
- Safety Guides made more than 115,000 business contacts
- Safety Guides provided 9,287 citizen assists, gave directions to 10,467 individuals and information to 6,223 persons
- Safety Guides had service contacts with 738 homeless individuals

Continuation of the PBID will allow the Clean Team and Safety Guide crews to build upon these achievements and keep Downtown Long Beach clean and safe. The proposed PBID continuation work program anticipates ongoing deployment at the following frequencies:

<b>Clean Team</b>	
<i>Hours of Deployment per Week</i>	992
Weekly F.T.E.	24.8
Average Weekly Coverage	7 days/week
Litter Removal/Pan & Broom	Daily with peak night service in the Premium Area
Machine Sweeping	Daily District-Wide – Higher Frequency in Premium Area
Steam Cleaning: Standard	Once Every 4 to 6 Weeks
Steam Cleaning: Premium	Weekly
Graffiti Removal	Daily As Needed
Light Landscape/Weeds	As Needed
Emergency Spot Cleaning	As Needed
Maintenance of PBID funded beautification elements	As Needed
<b>Safety Guides</b>	
<i>Hours of Deployment per Week</i>	664
Weekly F.T.E.	16.6
Coverage in All Areas	12 to 16 hours
Coverage in Premium Areas	12 to 16 hours plus late night on weekends
Foot Patrol	Premium Area Only
Bike & Segway Patrols	Daily District-Wide
Visitor Services, Safety Escorts, Motorist Assist, Homeless Outreach	Daily District-Wide

**Deployment of Clean and Safe Services:** Clean and safe services are deployed in each of two “benefit zones” within the PBID:

- Premium Service Zone:** The Premium service zone includes areas of highest pedestrian activity where demands for clean and safe services are greatest. This area includes the most significant activity generators within the boundaries of the district, including City Place retail center and the Pine Avenue, Promenade and Long Beach Boulevard corridors, the 1<sup>st</sup> Street corridor in the East Village, and the transit facilities along 1<sup>st</sup> Street. These activities create the conditions requiring a greater amount of clean and safe services, such as dirty sidewalks, the presence of graffiti and the need to provide safety guide assistance. The Management Plan anticipates that service deployment frequencies within the Premium service zone will be three times more than the remainder of the PBID – from the number and type of safety guides to the frequency of sidewalk cleaning. Under the current PBID deployment plan, Safety Guides patrol each block of the Premium Zone between 25 and 40 times per day.
- Standard Service Zone:** The remaining areas of the PBID encompassed by the Standard service zone have less pedestrian activity and demands for clean and safe services are generally lower. The standard areas have lower intensity activity generators, including less ground floor retail and a higher concentration of office and residential uses. Accordingly, the lower level of pedestrian activity results in reduced need for clean and safe services. Service frequencies within the

Standard service zone are less than the frequency of services in the Premium service zone. Under the current PBID deployment plan, Safety Guides patrol each block of the Standard Zone between 8 and 12 times per day, about one third of the frequencies found in the Premium service zone.

**Options for Enhanced Security:** The PBID renewal process has evidenced continued property owner concern with both the reality and perception of public safety on Downtown streets. There are a variety of elements contributing to this concern, including ongoing challenges with transient and homeless populations, nuisance crimes ranging from aggressive panhandling to vandalism, and other quality of life issues.

In order to more effectively deploy PBID resources to improve enhanced security, funds for information and safety ambassadors may be redistributed to related activities that have been effective in other California PBIDs, including:

- A “navigator program” in which ambassadors would be tasked with a case management approach to match chronic homeless individuals with available social services (Sacramento, Santa Monica).
- Other quality of life and safety initiatives in partnership with local agencies that may be developed and recommended by the DLBA Public Safety Task Force.

**Resident Coordinator:** Also within the budget for the Clean and Safe program is a new Resident Coordinator to help Downtown’s residential population utilize environmental services. The Resident Coordinator will provide information, regularly meet with HOAs and resident associations, represent residential perspectives, and trouble-shoot residential issues related to the PBID’s environmental services that include cleaning, safety and beautification.

Serving in a role comparable to that of a City Council Field Deputy, this position will pro-actively identify opportunities and concerns from the residential community and seek to connect the appropriate available resources to address issues and capitalize on opportunities. It is anticipated that Downtown residential organizations and leadership will be consulted in developing the job position description for the Resident Coordinator.

## **Beautification**

Beautification funds support improvements that improve the visual appearance of Downtown and may include:

- Seasonal banners and decorations
- Public art
- Street furniture and amenities
- Feasibility analyses and plans for design, streetscape and other physical improvements
- Other activities and improvements that visibly enhance the Downtown environment

Annual recommendations regarding the allocation of beautification funds are determined by the Capital Improvements and Beautification Task Force that provides recommendations to the DLBA Board of Directors.

The **ENVIRONMENT** portion of the PBID accounts for 64.1% of the proposed budget.

## ECONOMY

Activities aimed at working with property owners to improve Downtown's overall image, increase sales and building occupancies are part of the PBID Management Plan. These services are intended to provide special benefits to each individually assessed commercial and government parcel, partial special benefit to parking structures, and no benefit to non-profit and residential uses. Acknowledging this difference, non-profit and residential uses will not be assessed for the cost of economy activities.

**Marketing & Special Events:** Marketing and special event activities will aim to improve the overall image of Downtown with the goal of attracting consumers and visitors, and attracting and retaining businesses, jobs and investment. Initiatives must be designed to provide collective benefits to businesses and property owners. While annual work programs and budgets will be developed by the Marketing and Special Events Task Force and approved by the DLBA Board of Directors, programs will be selected from a variety of options that may include the following:

- Advertising, including branding and cooperative campaigns and increased placement and frequency in print media.
- Increased distribution and enhanced quality of publications, including Downtown maps, directories and activity guides.
- Improved and increased special event and festival production.
- Public relations efforts to promote a positive image and overall experience.

**Economic Development:** The Economic Development programs will provide a primary one-stop point of contact for business prospects looking to locate and/or grow in Downtown. Comprehensive market information on Downtown will be researched, packaged and maintained. Specialized research will identify specific target business groups and niches that are most likely to locate within Downtown and benefit from local assets. DLBA staff will serve as a liaison to assist business and property owners in permitting and development review processes. Program staff will work collaboratively with real estate professionals, City staff, and regional economic development groups to coordinate and leverage business attraction efforts.

Responding to the top priority evidenced by Downtown stakeholders in the PBID renewal process, the economic development initiative will initially focus on activating storefronts throughout the Downtown, including the recruitment of retail stores, addressing challenges that impede retail recruitment, temporary or "pop-up" installations, plus other interventions designed to improve Downtown Long Beach's ability to attract retail investment. Initiatives launched by the 2010 Retail Visioning process will also be continued, including, but not limited to:

- "Shop Local" campaigns that aims to inform and match residents and employees to Downtown retail;
- Traditional and emerging business recruitment programs and activities; and,
- Efforts to welcome new businesses to Downtown.

**ECONOMY** activities account for 25.1% of the proposed PBID budget.

## COMMUNICATIONS, ADMINISTRATION & RESERVES

Advocacy and administrative costs of 10.8% have been included within the PBID budget. Examples of advocacy and communications costs include:

- Accounting and annual financial reports,
- Program support costs including supplies, equipment and rent,
- Communications to keep all Downtown stakeholders informed of policies, issues, challenges and opportunities,
- A delinquency reserve estimated at 3% of assessments,
- A general benefit reserve estimated at 1% of the budget, to be paid with non-assessment revenue. The general benefit reserve is established to address the PBID Engineer's Report that found that the PBID may provide de minimus general benefit (i.e. general benefit to the public and/or surrounding community), requiring 1% of the budget to be financed by non-assessment revenue, and
- Other administration costs associated with the overhead and administrative support of programs.

To reduce administrative costs, increase leveraging of funds, and to avoid duplication of enhanced services, the PBID will continue to be managed by the DLBA to deliver day-to-day services. DLBA can leverage PBID assessments with additional revenues, including Downtown Parking and Improvement Area (DPIA) fees, sponsorship revenue, contracts, grants and earned income.

#### IV. PLAN BUDGETS

The total improvement and activity plan budget for the first year of the district is projected at \$2,270,901 with the following components:

<b>REVENUES</b>	<b>Assessments</b>	<b>Other (a)</b>	<b>TOTAL</b>
PBID Assessments	2,248,416		
Other (a)		22,485	
<b>TOTAL REVENUES</b>			<b>2,270,901</b>
<b>EXPENDITURES</b>			
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Delinquency Reserve (3%)	67,452	675	68,127
<b>Total Admin &amp; Reserves</b>	<b>241,930</b>	<b>2,419</b>	<b>244,349</b>
<b>TOTAL EXPENDITURES</b>	<b>2,248,416</b>	<b>22,485</b>	<b>2,270,901</b>

(a) Non-assessment funding to cover the cost associated with general benefits from services.

#### Ten Year Operating Budget

A projected ten-year operating budget for the Downtown Long Beach PBID is provided on the following page. Projections for the budget are based upon the following assumptions:

- Total program revenue increases by no more than 5% per year, the maximum allowed under the proposed annual budget adjustment to respond to increases in the consumer price index and other program costs. Actual budgets may not increase 5% as determined by the DLBA Board of Directors, which is the PBID Owner's Association.
- Revenues for specific activities within the general activity categories (i.e. Economy and Environment) may be reallocated among specific activities from year to year based upon district needs and budgets developed by the DLBA Board of Directors. Revenues may not be moved between the Economy and Environment categories.

**Downtown Long Beach PBID:**

**Ten Year Operating Budget & Maximum Assessments**

(Prepared by Progressive Urban Management Associates, May 31-12)

**Assumptions:**

Assessment rates increase by a maximum of 5% each year.

**Actual adjustments may be lower as determined by the PBID Owner's Association. Past annual adjustments have ranged from 0% to 5%.**

**ESTIMATED TEN YEAR OPERATING BUDGET**

Activity	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Environmental Enhancements	1,441,010	1,513,061	1,588,714	1,668,149	1,751,557	1,839,134	1,931,091	2,027,646	2,129,028	2,235,479
Economic Enhancements	565,476	593,750	623,437	654,609	687,340	721,707	757,792	795,682	835,466	877,239
Management, Admin & Reserves	241,930	254,027	266,728	280,064	294,067	308,771	324,209	340,420	357,441	375,313
	<b>2,248,416</b>	<b>2,360,837</b>	<b>2,478,879</b>	<b>2,602,823</b>	<b>2,732,964</b>	<b>2,869,612</b>	<b>3,013,092</b>	<b>3,163,747</b>	<b>3,321,934</b>	<b>3,488,031</b>

**MAXIMUM ANNUAL ASSESSMENT RATES: Per Square Foot of Lot + Building**

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Standard: Commercial & Government	0.0423	0.0444	0.0466	0.0490	0.0514	0.0540	0.0567	0.0595	0.0625	0.0656
Standard: Parking	0.0277	0.0290	0.0305	0.0320	0.0336	0.0353	0.0371	0.0389	0.0409	0.0429
Standard: Residential & Non-Profit	0.0130	0.0137	0.0144	0.0151	0.0158	0.0166	0.0174	0.0183	0.0192	0.0202
Premium: Commercial & Government	0.0465	0.0488	0.0512	0.0538	0.0565	0.0593	0.0623	0.0654	0.0687	0.0721
Premium: Parking	0.0318	0.0334	0.0351	0.0368	0.0387	0.0406	0.0427	0.0448	0.0470	0.0494
Premium: Residential & Non-Profit	0.0172	0.0180	0.0189	0.0199	0.0209	0.0219	0.0230	0.0242	0.0254	0.0267

**MAXIMUM ANNUAL ASSESSMENT RATES: Linear Lot Frontage**

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Standard: All Parcels	9.692	10.177	10.685	11.220	11.781	12.370	12.988	13.638	14.319	15.035
Premium: All Parcels	15.655	16.438	17.260	18.123	19.029	19.980	20.979	22.028	23.130	24.286

## V. ASSESSMENTS

### A. Assessment Methodology

To develop the PBID assessment methodology, the consulting team included participation from Kristin Lowell Inc. and Terrance E. Lowell & Associates, a certified engineer. Lowell evaluated several methods of assessment for conveying special benefits to each individual assessed parcel from the type of improvements and activities described within the Downtown Long Beach PBID Management Plan.

***Additional information and justification for the proposed assessment methods and adjustments will be provided in the Engineer's Report, prepared by Kristin Lowell Inc. and will be provided as an attachment to the Final Management Plan.***

**Benefit Allocation Approach:** The existing and proposed assessment methodologies are based upon an analysis of the special benefit provided to each property and the cost associated to each property to provide the PBID activities equal to the special benefit it receives. The benefit zones receive different services as illustrated on the following chart:

<b>ACTIVITY</b>	<b>Standard Service Area</b>	<b>Premium Service Area</b>
<b>ENVIRONMENT</b> (all properties)		
<b>Clean Team</b>		
Sidewalk Sweeping	Daily	Daily & Peak Evenings
Power Washing Sidewalks	Once every 4 to 6 weeks	Weekly
Graffiti Removal & Emergency Spot Cleaning	As Needed	As Needed
<b>Safety Guides</b>		
Foot Patrols	No	Yes
Bicycle & Segway Patrols	Yes	Yes
Escort & Visitor Services	Yes	Yes
<b>Beautification</b>	Yes	Yes
<b>ECONOMY</b> (commercial & government only)		
Marketing & Special Events	Yes	Yes
Economic Development	Yes	Yes

**Assessment Variables:** The current assessment methodology for the Downtown Long Beach PBID is based upon a combination of linear frontage plus lot and building square footage. Variables include:

- **Linear Frontage:** Linear frontage remains a primary assessment variable in the Standard and Premium service areas. All Clean Team costs and one-half of the Safety Guide costs are allocated through linear frontage, acknowledging the benefit of these services to make Downtown sidewalks cleaner and safer.

- **Lot plus Gross Building Square Footage:** The sum of lot and gross building square footage is a primary assessment variable for one-half of the Safety Guide costs and the full costs of beautification, marketing and special events and economic development. Benefits from beautification activities are anticipated throughout the district. Benefits from economy activities are designed to improve image, occupancy and sales, benefits that are distributed throughout buildings. One-half of Safety Guide costs are allocated to lot and gross building square footage to acknowledge benefits to each individual assessed parcel and its employees, residents and visitors both on the street level and within buildings. The inclusion of lot square footage in the calculation acknowledges the greater benefits of these services to the ground level of property.
- **Premium Service Area Frontage Assessment:** The linear frontage assessment is higher in the Premium service area than the Standard service area, acknowledging the greater frequency in Clean Team and Safety Guide services.

**Property Use Considerations:** The assessment methodology provides the following treatments for non-commercial property used for residential and non-profit uses, and an adjustment for stand-alone parking structures:

- **Residential and 501(c)3 Non-Profit Property:** Residential and properties owned and used by 501(c)3 non-profit organizations will receive full benefit from Environment Services (i.e. clean and safe, and beautification) and will be assessed fully for them; however, residential and non-profit parcels will not receive the same benefit as commercial parcels from Economy Services (i.e. marketing, special events and economic development) because those uses are not engaged in commercial or customer attraction activities, thus their assessment will not include that portion of the assessment. All commercial and mixed-use parcels with residential uses will be subject to an adjusted assessment rate for the residential square footage of that parcel. The commercial square footage for that type of parcel will be assessed the assessment rate applied to all commercial parcels.

For parcels owned by non-profit organizations, they must demonstrate that a 501(c)3 non-profit charitable use occupies the property in order to receive the non-profit property use consideration. Documentation that both the building and primary use (i.e. more than 50% of the building occupancy) are owned by 501(c)3 non-profit organizations must be provided to the DLBA prior to July 1 of each year, which is prior to PBID assessment rolls being submitted to the County.

- **Parking:** Parking facilities will be subject to one of the following assessment treatments:
  1. **Parking structures** integrated within a building (and the building has other uses in addition to parking) will be excluded from frontage, lot and gross building square footage assessment calculations.
  2. **Stand-Alone Parking Structures** will be assessed on frontage, lot and gross building square footage for all “Environment” PBID services and at one-half the rate for “Economy” PBID services. This adjustment acknowledges that role of stand-alone parking structures as part of the infrastructure that supports **Downtown**, and limitations on their ability to generate income.

3. **Surface Parking Lots** will be assessed at commercial rates on frontage, lot and building square footage.

- **Government Assessments:** The Downtown Long Beach PBID Management Plan assumes that the City of Long Beach, County of Los Angeles and other government entities will pay assessments for the special benefits conferred to each of their individual assessed parcels within the boundaries of the PBID. Article XIII D of the California Constitution was added in November of 1996 and provides for these payments. Government properties are treated as commercial properties, paying for both Environment and Economy services. Government properties attract a variety of user groups for both government business and civic uses. Similar to commercial office properties, both user groups and employees within government properties benefit from Environment services that provide a cleaner and safer downtown, and Economy services that create a more vital civic and commercial atmosphere.

**B. Calculation of Assessments**

The preceding methodology is applied to a database that has been constructed by the DLBA with primary data provided by the Los Angeles County Assessor and the City of Long Beach. Since the initiation of PBID services in 1999, DLBA has contracted with an assessment engineering firm to obtain property data from the County of Los Angeles Assessor's Office. Data, which includes ownership and property characteristics, is updated annually by the assessment engineering firm and provided in the District's Annual Report.

A list of all properties to be included in the PBID is provided as an Exhibit.

**Benefit Zone Adjustments:** The assessments are also adjusted to reflect anticipated service frequencies in the Standard and Premium benefit zones. The Premium benefit zone will have more frequency of clean and safe services; therefore, assessment rates for clean and safe services are increased in the Premium benefit zone. Residential and 501(c)3 non-profit parcels do not receive benefit from the Economy activities and therefore will not be assessed that portion of the assessment. The resulting assessment calculation by service and benefit zone follows:

	<b>Standard</b>	<b>Premium</b>
Lot Frontage (100% clean + 50% safe to all properties)	\$ 9.692	\$ 15.655
Lot + Building Sq. Ft. (50% safe to all properties)	0.0094	0.0136
Lot + Building Sq. Ft. (100% beautification to all properties)	0.0036	0.0036
Lot + Building Sq. Ft. (100% economy to commercial and government only)	0.0293	0.0293

**Total Estimated Assessments:** Based upon the methodology, property data and the proposed PBID budget, approximate lot and gross building assessments are calculated. Assessments will not exceed the following amounts during the first year of the PBID:

	<b>Standard</b>	<b>Premium</b>
Annual Assessment on Lot Frontage (all properties) per linear foot	\$ 9.692	\$ 15.655
Plus: Lot + Gross Building Square Footage		
• Commercial & government properties	0.0423	0.0465
• Parking structures	0.0277	0.0318
• Residential and Non-Profits	0.0130	0.0172

**Calculation of Rates:** The following examples illustrate how the preceding rates are applied to parcels within the Downtown Long Beach PBID.

**Commercial Property Example: Premium Zone**

<b>Property Characteristics:</b> <i>50,000 sq.ft. office building</i>		<b>Rate</b>	<b>Annual Assessment</b>
Lot Square Footage	15,000	0.0465	\$697.50
Gross Building Square Footage	50,000	0.0465	\$2,325.00
Linear Frontage	100	\$ 15.655	\$1,565.50
<b>Total</b>			<b>\$4,588.00</b>

**Residential Condo Property Example: Standard Zone**

<b>Property Characteristics</b> <i>1,000 sq.ft. condo in building of 100,000 sq.ft. with 40,000 sq.ft. lot and 400 feet of frontage</i>	<b>Calculation</b>	<b>Rate</b>	<b>Annual Assessment</b>
Lot Square Footage (pro rata share of 40,000 sq.ft. lot)	$(1,000/100,000) \times 40,000$	0.0130	\$5.20
Gross Building Square Footage (condo)	1,000	0.0130	\$13.00
Linear Frontage (pro rata share of 400 feet)	$(1,000/100,000) \times 400$	\$ 9.692	\$38.77
<b>Total</b>			<b>\$56.97</b>

Each residential condominium will be assessed based upon its unit square footage and a pro rata share of building lot square footage and frontage based upon the size of the condominium in relation to the gross square footage of the building. For condominiums in the Standard zone, the average annual assessment is estimated to be \$58.34, and for condominiums in the Premium zone, the average annual assessment is estimated to be \$114.16.

For properties with frontage on both premium and standard zones, linear frontage will be allocated to each zone, and lot plus building square footage rates will apply to the zone fronting the address side of the building.

## C. Assessment Adjustments

**Annual Adjustment:** Annual assessment rates may be adjusted for annual changes in the Tri-County Consumer Price Index (CPI) for all urban consumers and/or other changes in programs costs, not to exceed 5%. Actual annual adjustments may range from 0% to 5%. Assessment adjustments will be contingent upon approval by the DLBA Board of Directors and the annual budget approval by the Long Beach City Council.

**Budget Adjustment:** Any annual budget surplus or deficit will be rolled into the following year's PBID budget. Assessments will be set accordingly, within the constraints of the CPI adjustment, to adjust for surpluses or deficits that are carried forward. Note that the PBID will maintain a reasonable Operating Reserve estimated at approximately 3% of the PBID operating budget.

**General Benefit Adjustment:** The PBID Engineer's Report has found that the PBID may provide de minimus general benefit (i.e. benefits to the general public or surrounding community) that is intangible and unquantifiable. To account for any de minimus general benefit, a 1% general benefit adjustment has been established. Accordingly, one percent of the total PBID budget (1%) will be funded annually by non-assessment revenue.

**Time and Manner for Collecting Assessments:** As provided by state law, the Downtown Long Beach PBID assessment appears as a separate line item on annual property tax bills prepared by the County of Los Angeles. Property tax bills are distributed in the fall and payment is expected by lump sum or installment. Existing laws for enforcement and appeal of property taxes apply to PBID assessments.

**Disestablishment:** State law provides for the disestablishment of a PBID pursuant to an annual review process. Each year that the PBID is in existence, there will be a 30-day period during which the property owners will have the opportunity to request disestablishment of the district. This 30-day period begins each year on the anniversary day that the district was first established by City Council. Within that 30-day period, if a written petition is submitted by the owners of real property who pay 50 percent (50%) or more of the assessments levied, the PBID may be disestablished. The City Council will hold a public hearing on disestablishing the PBID prior to actually doing so.

## VI. GOVERNANCE

For the Downtown Long Beach PBID, the DLBA, an existing 501(c)6 California non-profit corporation, shall continue to serve as the PBID Owner's Association. The role of the Owner's Association is consistent with similar PBIDs and Downtown management organizations throughout California and the nation. The Owner's Association (i.e. DLBA Board of Directors) determines budgets, assessment rates and monitors service delivery. As part of the Management Plan, the DLBA will manage the delivery day-to-day PBID services in order to:

- Reduce overall administrative costs of the PBID,
- Leverage PBID funds with other resources and capabilities provided by the DLBA,
- Eliminate the potential for duplication of enhanced services and activities, and
- Ensure that Downtown is represented by a unified voice, thereby maximizing Downtown's influence in policies and civic affairs.

Pursuant to the State of California PBID legislation the DLBA Board of Directors is subject to disclosure and notification guidelines set by the Ralph M. Brown Act and California Public Records Act.

The DLBA Board of Directors includes a diverse representation of stakeholders, including Downtown property owners, businesses and residents. Currently, there are nine commercial property owners and two resident representatives on the 19 member voting board. Acknowledging that residential condominiums and parcels owned by non-profits will be added to the PBID, it is anticipated that the DLBA Board of Directors will consider appropriate representation from these stakeholder groups.

DLBA has created Task Forces that invite all PBID assessment payers to participate in program design and development of service delivery approaches and budgets. Task Forces include:

- Marketing & Special Events,
- Public Safety,
- Capital Improvements and Beautification, and
- Economic Development.