



Board Report

File #: 2015-0737, File Type: Policy

Agenda Number: 12.

FINANCE, BUDGET & AUDIT COMMITTEE JULY 15, 2015

SUBJECT: CENTRAL AVENUE HISTORIC BUSINESS IMPROVEMENT DISTRICT

ACTION: AUTHORIZE PARTICIPATION IN THE CENTRAL AVENUE HISTORIC BUSINESS IMPROVEMENT DISTRICT

RECOMMENDATION

CONSIDER:

- A. supporting the establishment of the **proposed Central Avenue Historic Business Improvement District (“BID”) in the City of Los Angeles** and the resulting assessments on properties within the District boundaries owned by LACMTA; and
- B. authorizing the Chief Executive Officer or his delegate to sign any necessary petition and cast any subsequent ballots in support of the BID and property assessments.

ISSUE

The MTA Board adopted Guidelines on LACMTA Participation in Proposed Assessment Districts (“Guidelines”) in June 1998 (See Attachment A). The Guidelines require staff to analyze each assessment district and/or improvement based on whether they improve MTA property or facility, benefit MTA employees, benefit Metro’s passengers, or reduce costs for the agency. Staff is to provide the Board with an analysis, on a case by case basis, that determines whether MTA property benefits from the proposed services or improvements; and whether the benefit to the property exceeds the cost of the assessment. Based on the guidelines, the Board must determine whether or not to participate in the proposed district.

POLICY IMPLICATIONS

Proposition 218, which was approved in November 1996, requires that all public property previously exempted from business improvement district assessments be assessed, unless the public agency can demonstrate that the property will receive no benefit.

DISCUSSION

The Central Avenue Historic BID is a property-based benefit assessment type district being established for a five (5) year term pursuant to the California Street and Highway Code (as

amended). The BID is proposed to improve and convey special benefits to assessed properties located within the District area. The District will provide continued improvements and activities, including streetscape services, enhanced safety, parking demand management, branding, and district management. Each of the programs is designed to meet the goals of the District; to improve safety and cleanliness and increase building occupancy within the District, to attract more customers to District businesses, to encourage new business development and attract ancillary businesses and services for parcels within the District and to promote cultural events in the District.

The LACMTA has four properties located in the proposed District which is generally located along Central Avenue between Washington Blvd and Vernon Avenue. The properties are former railroad right of way and are currently leased to adjacent property owners for parking and storage. A map showing the BID Boundary is attached as Attachment A.

The project properties are currently on a month-to-month rental as they are holdovers from expired leases. The annual lease revenue from the four properties is \$42,000.

Pursuant to the existing Guidelines on MTA Participation in Proposed Assessment District ("Guidelines), it is necessary for the Board to authorize LACMTA's support of the establishment of a new BID and to authorize the signing of any necessary petitions and ballots to participate in the BID. The Guidelines requires staff to analyze each new assessment district services and/or improvements based on whether it (1) improve MTA property or facility; (2) benefits MTA employees; (3) benefit the riding public; or (4) reduce costs for the MTA. The anticipated annual assessment to MTA is expected to be approximately \$10,139.76 which represents 2.34% the BID. An evaluation of the benefits that the Central Avenue BID will provide to the LACMTA Property is included in Attachment B.

DETERMINATION OF SAFETY IMPACT

This Board Action will not have an impact on safety standards for MTA operations.

FINANCIAL IMPACT

LACMTA's estimated annual assessment for the Year 2016 under the proposed BID is \$10,139.76. The funding to participate in this BID was not included in the FY16 budget in Cost Center 0651, Account No. 50799 (Taxes) as the establishment of the BID was not known at the time the budget was developed. The properties that are included in the BID are leased to adjacent property owner who are also included in the BID area. The MTA leases require the lessee pay the assessments stating that "Tenant shall be liable for all taxes levied or assessed against real property, personal property, furniture, fixtures, and equipment located or placed on the Premises, whether owned by the Tenant, or otherwise. The possessory interest created by the Lease may be subject to property taxation so that Tenant may be subject to the payment of property taxes levied on the interest and Tenant also agrees to pay before delinquency any and all possessory interest taxes due and arising from the Lease". Funds will be included in the FY17 Budget in Cost Center 0651, Account No. 50799 (Taxes), Project 610061 budget if the BID is approved and any of the leases are terminated. This activity will increase ongoing operating costs.

ALTERNATIVES CONSIDERED

The formation of the BID requires favorable petitions from property owners representing more than 50% of total assessments to be paid and the return of mail ballots evidencing a majority of ballots cast in favor of the assessment. Ballots are weighted by each property owner's assessment as proportionate to the total proposed District assessment amount. The Property owned by LACMTA represents 2.34% of the total Bid. If MTA does not support the BID by signing the petition and casting a ballot, it possible that the BID will not be established. It will take more individual private property owners to support the BID, if public agencies do not vote to participate in the BID.

NEXT STEPS

If the recommendation is approved, staff will sign the petition and subsequently cast a ballot for the establishment of the BID.

ATTACHMENTS

Attachment A - Map of BID's Boundary

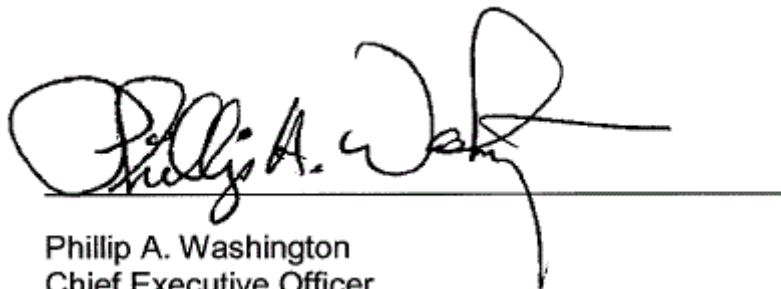
Attachment B - Evaluation of Fashion District Benefit of LACMTA

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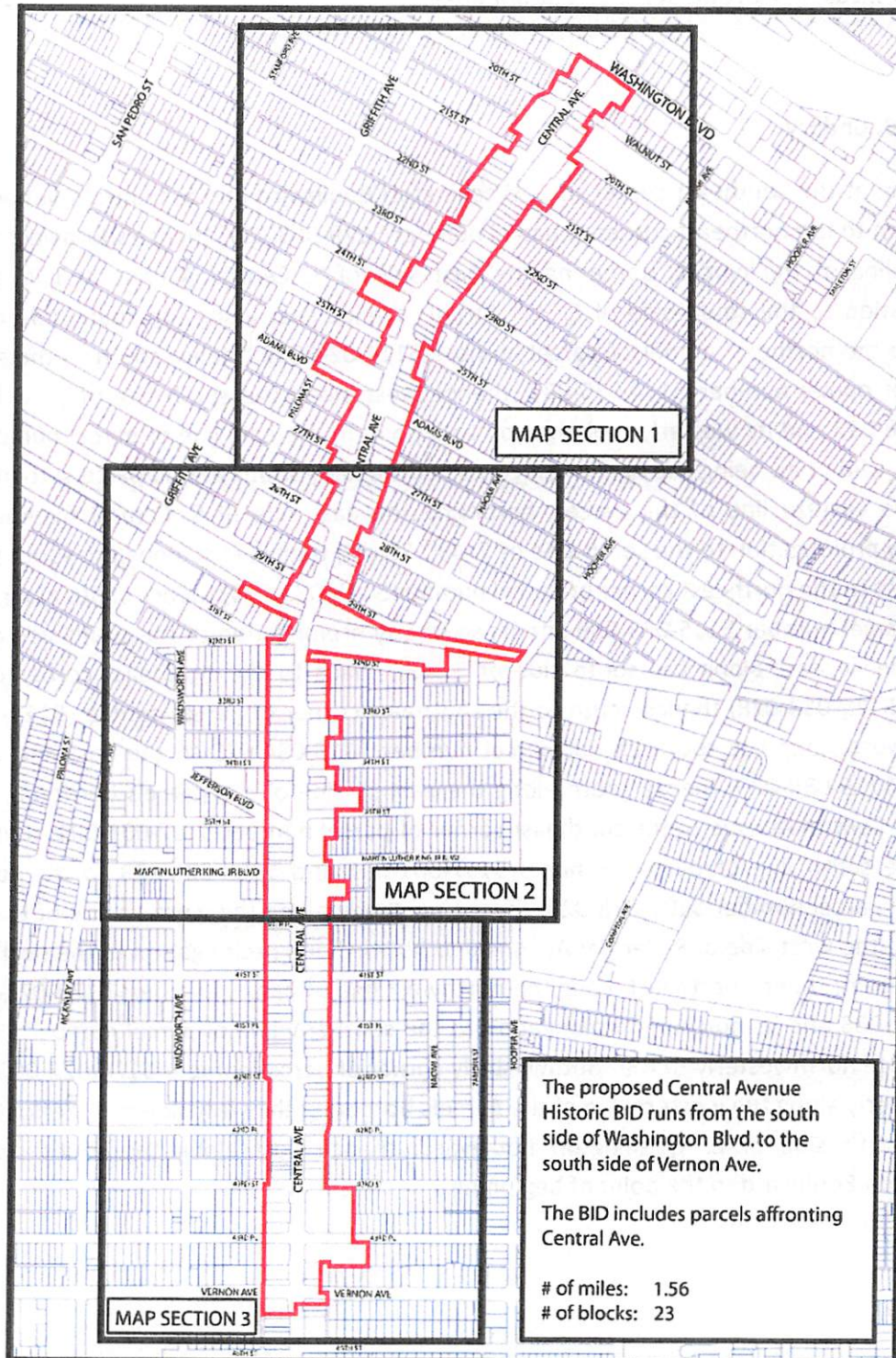
Calvin E. Hollis, Managing Executive Officer, (213) 922-7319

Reviewed By: Martha Welborne, FAIA, Chief Planning Officer, (213) 922-7267



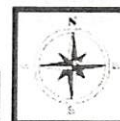
Phillip A. Washington
Chief Executive Officer

CENTRAL AVENUE HISTORIC BUSINESS IMPROVEMENT DISTRICT MANAGEMENT DISTRICT PLAN



Central Avenue Historic Business Improvement District
 Property Based Business Improvement District
 District Overview Map

— BID BOUNDARY



**EVALUATION OF CENTRAL AVENUE HISTORIC DISTRICT BUSINESS
IMPROVEMENT DISTRICT
BENEFITS TO MTA**

Evaluation of Benefits to MTA

The proposed BID includes two (2) parcels owned by MTA. Both parcels are former railroad right of way and have been leased to adjacent property owners. The combined total area of the two parcels is 101,679 square feet.

The total proposed District budget for the 2016 year of operation is approximately \$438,475. Assessments will be subject to annual increases not to exceed 4% each year if implemented. The budget will cover improvements, activities and services which include (1) streetscape services which include sidewalk and gutter cleaning, graffiti removal, trash collection and removal and other cleaning as necessary; (2) enhanced safety including Community Safety Ambassadors to assist visitors and employees, pass out information about local businesses and programs, and report concerns to the local police and other security services. Enhanced safety also includes security monitoring involving a security camera system with an online monitoring program which the Safety Ambassador can access through cell phones; (3) parking demand management which will consist of a parking demand analysis report in the first year only; (4) branding which will tell the story of the District, its history, its cultural attractions, and its ongoing improvement through a website, social media sites, video promoting the district, a newsletter, flyers and brochures promoting the district and (5) district management which oversees the BID contracts, facilitate community development and public p[olicy] efforts and promote the District. The proposed Central Avenue Historic District BID assessment to MTA over the five year period is estimated to be \$44,780.44.

Analysis of Benefit to MTA

The Guidelines on MTA Participation in Proposed Assessment Districts (“Guidelines”) established general guidelines for determining benefits to MTA properties as outlined below. A list of MTA properties included in the proposed BID is attached, with an indication of the assessment to each parcel. The guidelines requires an analysis of each new assessment district service and/or improvement based on whether it improves MTA property or facility, benefit MTA employees, benefit the MTA riding public or reduce costs for the MTA.

Following is the analysis of benefits to MTA from the Central Avenue Historical District Business Improvement District based on the Guidelines.

TIER 1 – NO BENEFIT

- Subsurface easement – Not Applicable

- Aerial easements – Not Applicable
- Right of Way
 - The right of way located in the BID area is currently leased to adjacent property owners who have the responsibility for maintaining the leased right of way.

TIER 2 – MINOR OR NO POTENTIAL BENEFIT

- Vacant Land
- Parking Lots
 - The right of way is basically vacant and is leased to adjacent property owners for use as storage and parking

TIER 3 – MINOR OR SOME POTENTIAL BENEFIT

- Bus Operating and Maintenance Facility – Not Applicable
- Bus Terminals – Not Applicable
- Customer Service Centers – Not Applicable
- USG Headquarters Building – Not Applicable
- Maintenance Facilities – Not Applicable
- Rail Division – Not Applicable
- Rail Terminus – Not Applicable
- Stations – Not Applicable

TIER 4 – ACTUAL BENEFITS

The properties within the boundaries of the District will receive special benefits from the establishment and services provided by the District. Since MTA's properties are leased to adjacent property owners, the services will benefit from the District's streetscape services program which will create a cleaner and more welcoming environment for their customers, patrons, tenants, visitors and employees. The program will improve aesthetic appeal for patrons, visitors and employees of the area by reducing litter and debris which are detractions to commerce and commercial occupancy rates if not contained and properly managed. The MTA tenants are more likely to remain in the area and continue to occupy the MTA owned parcels if the area is improved. The safety program is designed to improve security for patrons, visitors and employees of the assessed parcels by reducing crime in the area. All of the programs that will be funded through the BID are designed to improve the conditions of the area and to provide supplemental programs, services and improvements that are not currently provided by the City of Los Angeles.

The MTA tenants will benefit from these programs. The lease between MTA and the tenants require the tenants to be liable for all taxes levied or assessed against the property.