



Board Report

File #: 2016-0421, **File Type:** Program

Agenda Number: 42.

**PLANNING AND PROGRAMMING COMMITTEE
JUNE 15, 2016**

SUBJECT: VENICE BEACH BUSINESS IMPROVEMENT DISTRICT

ACTION: AUTHORIZE PARTICIPATION IN THE VENICE BEACH BUSINESS IMPROVEMENT DISTRICT

RECOMMENDATION

CONSIDER:

- A. SUPPORTING the establishment of the **proposed Venice Beach Business Improvement District (“BID) in the City of Los Angeles** and the resulting assessments on properties within the District boundaries owned by Metro; and
- B. AUTHORIZING the Chief Executive Officer (“CEO”) or his delegate to sign any necessary petitions and cast any subsequent ballots in support of the BID and property assessments.

ISSUE

The Metro Board adopted the General Guidelines for Metro Participation in Proposed Assessment Districts (“Guidelines”) in June 1998. The Guidelines require staff to analyze each assessment district and/or improvement based on whether they improve Metro property or facility, benefit Metro 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 Metro 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.

Establishment of the District is a two-step process that includes (1) submission of favorable petitions from property owners representing more than 50% of total assessments to be paid; and (2) return of mail ballots evidencing a majority of ballots cast in favor of the assessment. As a property owner in the proposed District, Metro has received notice of the establishment of the District and has been requested to sign a Petition to establish the District and to ultimately vote to in favor of the assessment.

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 Venice Beach 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. BID funded activities are primarily designed to provide proportionate special benefits to identify assessed parcels and the commercial and industrial land uses within the boundaries of the District. The District will provide new improvements and activities, including clean and safe programs, district identity and special projects and administration of programs designed to meet the goals and mission of the District.

The Metro has one (1) parcel located in the proposed District which comprise the former Division 6 Bus Division located at 100 Sunset Avenue. The proposed commercial and industrial District lies entirely within Venice, a coastal community within the City of Los Angeles. The proposed District generally includes all non-residential zoned properties between the Los Angeles City boundary with the City of Santa Monica on the north, the Pacific Ocean on the west and Venice Boulevard on the south. The eastern boundary is irregular and is primarily determined by where commercially and industrially zoned properties end and residential (R3 and lower density residential) zoning begins. A map showing the BID Boundary is attached as Attachment A.

Pursuant to the existing Guidelines, it is necessary for the Board to authorize Metro'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 Metro property or facility; (2) benefits Metro employees; (3) benefit the riding public; or (4) reduce costs for the Metro. The anticipated annual assessment to Metro is expected to be approximately \$35,933.09 which represents 1.94% the BID. An evaluation of the benefits that the Venice Beach BID will provide to the Metro Property is included in Attachment B.

DETERMINATION OF SAFETY IMPACT

This Board Action will not have an impact on safety standards for Metro operations. However, the BID's safety program should increase safety and crime prevention in the area around Metro owned property.

FINANCIAL IMPACT

METRO's estimated annual assessment for the Year 2017 under the proposed BID is \$35,933.09. The BID assessments will be subject to annual increases not to exceed 5% per year. Increases will be determined by the District Owner Association and are projected to vary between 0% and 5% in any given year. 5% annual raises are not typical; however, assuming a 5% increase per year, the

total cost to METRO over the 5 year term of the BID is estimated to be in the range of \$198,553.01.

Impact to Budget

The funding to participate in this BID will be included in Cost Center 0651, Project No. 306006, Account No. 50799 (Taxes). If the BID is approved, the BID will start in January 2017 and payment would be required towards the end of FY17 or early FY18. Funds for the payment of the BID assessment will be include in the FY 18 budget year and subsequent years will be budgeted annually.

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 Metro represents 1.94% of the total Bid. If Metro does not support the BID by signing the petition and casting a ballot, it is possible that the BID will not be established. It will take more individual private property owners to support the BID, if Metro does not vote to participate in the BID.

Metro has supported the formation of BIDs when the service or improvements provided a direct benefit to Metro property, employees and customers. Under Proposition 218, the assessing agency that proposes an assessment identifies all parcels that will receive a special benefit. The special benefit for each parcel is determined by: (1) the relationship of the capital cost of a public improvement; (2) the maintenance and operation of a public improvement; or (3) the cost of the property related services being provided. No assessment can be imposed on any parcel that exceeds the reasonable cost of the proportional special benefit on that parcel. All publicly owned parcels are required to pay their proportional share of costs based on the special benefits conferred to those individual parcels. Only special benefits are assessable. The BID considers the special benefit to government assessed parcels to be an increase in District customers, an increased likelihood of attracting and retaining employees that follow from having a cleaner and safer area, increased use of the public facilities, increased attraction and retention of employees which directly relates to fulfilling their public service mission. Proposition 18 provides that "parcels within a district that are owned or used by any agency....*shall not be exempt from assessment unless the agency can demonstrate by clear and convincing evidence that the property will receive no benefit.*"

NEXT STEPS

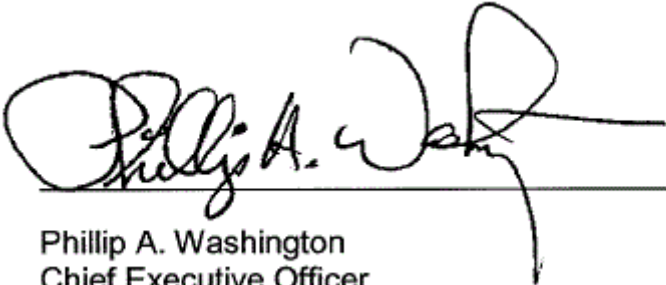
If the recommendation is approved, staff will sign the petition and subsequently cast a ballot for the establishment of the BID.

ATTACHMENTS

- Attachment A - Map of Venice Beach Business Improvement District Boundaries
- Attachment B - Evaluation of Venice Beach BID Benefit to Metro
- Attachment C - Summary of Metro owned parcels included in the Venice Beach BID

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VENICE BEACH LOS ANGELES BUSINESS IMPROVEMENT DISTRICT BOUNDARIES



**EVALUATION OF VENICE BEACH 2017 - 2021 PROPERTY BASED
BUSINESS IMPROVEMENT DISTRICT
BENEFITS TO METRO**

Program Benefits

The proposed BID includes one (1) parcel owned by METRO. The parcels comprise the former Division 6 Bus Division located at 100 Sunset Avenue. The land area of the parcel is 136,125 square feet.

The total proposed District budget for the 2017 year of operation is approximately \$1,875,628.00. Assessments will be subject to annual increases not to exceed 5% each year if implemented. The BID is proposed to improve and convey special benefits to assessed properties located within the District area. The BID will provide new improvements and activities, including clean and safe, district identity and special projects and administration and management of programs designed to meet the goals and mission of the BID. The BID will have a 5-year life beginning January 1, 2017 and ending December 31, 2021, unless renewed by a new vote of the property owners.

Through a series of surveys, discussions and refinements the District Steering Committee determined the top priority for the property owners is the "clean and safe" programming. The second priority for the property owners is administration and management and the third priority is district identify and special projects (website, newsletters, social media and other marketing and business attraction and promotion efforts).

The District has two benefit zones. Zone 1 includes the tourist related commercial core of Venice Beach and consist of commercial, industrial and open space zoned properties. Zone 2 includes the secondary retail and tourist related business corridors of Venice Beach (i.e. Main Street, Hampton Avenue and 3rd Avenue) and consist of commercial, industrial and open space zoned properties. The METRO property is located in Zone 2.

Clean and Safe Program

The Clean programming encompasses all sidewalks, curb and other right-of-way services in the District and includes: sweeping, litter removal, bulky item removal, enhanced emptying of trash cans, pressure washing/steam cleaning, graffiti/flyer/sticker/gum removal, tree trimming and weeding. Clean also includes the cost of equipment necessary to provide these services. C & S may also include property owner notification of conditions on private property that are unsafe or unfavorable to creating and preserving a clean and safe environment in the District (e.g. broken window/gate, vandalism, accumulated debris/garbage, etc.) C & S may also

include notification to the City or other entities as appropriate (e.g. utilities) of any damage to public infrastructure or utilities.

Safe programming encompasses all patrol/ambassadorial services in the District and includes: personnel on foot, bike, or other vehicles (e.g. segways, trucks, etc.), ambassadors (specially trained personnel able to provide directions, transit information, business information, event information, social service referrals, etc.), emergency assistance, crowd control, crime prevention activities (e.g. Neighborhood Watch), escort services and distribution of special bulletins (e.g. street closures, emergency alerts.) *Safe* also includes the cost of equipment necessary to provide these services

The goal of both clean and safe programs is the same: to establish and maintain a clean, safe, beautiful and welcoming District by providing these services to all the individually assessed parcels in the District. Ongoing homeless outreach and social service referrals are expected to be a significant component of the clean and safe program. The District may identify social service partner(s) to implement their homeless outreach program. The special benefits conferred by these programs are discussed later in this section. Various levels of clean and safe activities will be required over time to maintain the District.

Administration & Management

Administration & Management includes activities such as: personnel, operations, professional services (e.g. legal, accounting, insurance), production of the Annual Planning Report and Budget and quarterly reports, facilitation of meetings of the Owners' Association, Brown Act compliance, outreach to District property and business owners, and participation in professional peer/best practice forums such as the LA BID Consortium, the California Downtown Association or the International Downtown Association. It also covers the costs associated with District formation, as well as City and/or County fees associated with their oversight of the District and the Owners' Association's compliance with the terms of its contract with the City, and the implementation of the Management District Plan and the Engineer's Report. This component is key to the proper expenditure of District assessment funds and the administration of District programs and activities that are intended to promote business within the District boundaries through increased commerce and the attraction and retention of new business. All parcels and land use types within the District will specially benefit from this key program element which supports the special benefits conferred by the program elements described above.

District Identity & Special Projects

District Identity & Special Projects programming includes activities such as: production of a quarterly (minimum frequency) newsletter that shall be distributed to all property owners in the District, efforts to cultivate and recognize the satisfaction, retention and attraction of businesses, employees and customers/visitors, advertising, response to media inquiries, cultivation of media exposure, and promotion of the District as a great

place to live, work or visit through a website and/or social media. To the extent that funds are available, it could also include holiday lighting, street banners, wayfinding activities, art installation or development of special events (e.g. festival) or other community identity and branding efforts that promote the District, its residents, businesses, services and amenities.

The METRO's parcel IS NOT currently being assessed for the District Identity & Special Projects category. Government owned/occupied parcels and facilities (except select parcels which have commercial operations such as paid public parking) will not specially benefit from this program element and thus, shall not be assessed for these programs. METRO IS being assessed for the Clean & Safe Programs and Administration, Management & City Fees categories.

Evaluation of Benefit to METRO

The Guidelines on METRO Participation in Proposed Assessment Districts ("Guidelines") established general guidelines for determining benefits to METRO properties as outlined below. A list of METRO 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 METRO property or facility, benefit METRO employees, benefit the METRO riding public or reduce costs for the METRO.

Following is the analysis of benefits to METRO from the Venice Beach Business Improvement District based on the Guidelines.

TIER 1 – NO BENEFIT

- Subsurface easement – Not Applicable
- Aerial easements – Not Applicable
- Right of Way – Not Applicable

TIER 2 – MINOR OR NO POTENTIAL BENEFIT

- Vacant Land –Applicable
- Parking Lots – Not Applicable

TIER 3 – MINOR OR SOME POTENTIAL BENEFIT

- Bus Operating and Maintenance Facility – Not Applicable (recent, former use)
- 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 Division 6 Bus Division is currently vacant and is in the process of being environmentally cleaned. The parcel will ultimately be available for sale or joint development. Vacant and under-construction sites within any BID are still subject to assessment, and it's possible that Division 6 will benefit from the services provided by the BID. It is likely that the vacant status of the Division will attract blight - trash, graffiti, loitering, handbills, weeds, etc. The Clean services provided by the BID may supplement METRO's maintenance efforts and be a front-line responder for METRO so that there are few or no community complaints during the period where METRO employees will not have a regular presence on-site. In general vacant parcels are often magnets for nuisance activities and METRO's absence (or at least greatly lessened presence) on this site may result in nuisance activity. The BID, will have available personnel stationed locally, and can help prevent and/or respond to a wide variety of issues so that METRO staff will not have to manage them from off site. The presence and services of the BID could result in substantially less work for METRO personnel (e.g. responding to complaints, sending their own maintenance or security personnel to the site, etc.) METRO's contracted personnel such as construction contractors or remediation professionals are rarely on site during evenings and weekends, when issues are most likely to occur.

METRO's parcel is centrally located within the BID District, and is a large parcel with frontage on four separate streets within the proposed BID. Assessing the benefit to this parcel is more complex than usual. Until recently, this parcel would have been a Tier 3 benefit. The closing of the former Division 6 Bus Division now places this parcel in a Tier 2 benefit. Once remediated and improved, the parcel and its future development will be a direct recipient of the Clean and Safe services as well as the District Identity and Special Projects.

The Property, when it is developed for residential and/or commercial use, would benefit from BID programs, services and improvements. The BID programs, services and improvements are designed to increase business volumes, sales transactions, commercial occupancies, commercial rental income and return on investments for commercial parcels, and to improve the cleanliness, security, aesthetic appeal, marketability and livability of these parcels for residents. These benefits are achieved by reducing crime, litter and debris and professionally marketing the array of goods and services available within the BID, all considered necessary in a competitive, properly managed business district.

If the BID is formed, it will help to raise the bar of cleanliness and safety in the area and provide stability through consistent, local delivery of services. The improved environment created by BIDs - often dramatically improved - will potentially help Metro to interest more bidders and potentially obtain a more favorable lease or sale of the property in the future.

ATTACHMENT C

SUMMARY OF METRO PARCELS INCLUDED IN VENICE BEACH BID

ASSESSOR NO.	OWNER	ADDRESS	ASSESSMENT AMOUNT	%	BENEFIT
4286-015-900	METRO	100 Sunset Ave	\$35,933.09	1.94%	Tier 2 (current) Tier 3 (past) Tier 4 (future)
	TOTAL METRO		\$35,933.09	1.94%	