



## Board Report

File #: 2019-0546, File Type: Policy

Agenda Number: 18.

### FINANCE, BUDGET AND AUDIT COMMITTEE OCTOBER 16, 2019

**SUBJECT: DELEGATED AUTHORITY FOR BUSINESS IMPROVEMENT DISTRICT PARTICIPATION**

**ACTION: APPROVE RECOMMENDATIONS**

#### **RECOMMENDATION**

AUTHORIZE the Chief Executive Officer (CEO) to approve and sign all petitions, ballots and other related documents for participation in state-authorized business improvement districts (BID) and any other assessment districts (such as street lighting, health, safety, and crime prevention districts) as defined under California law, where the total assessment over the term of the BID does not exceed \$500,000.

#### **ISSUE**

Presently, Metro's policy requires all new BIDs (that have not yet been approved by the Metro Board of Directors), be authorized by the Board. Frequently, the votes to form BIDs have short timeframes and Metro cannot participate in the vote because of this requirement. Board approval of this item will facilitate approval and processing of all new BIDs where total assessment does not exceed \$500,000 over the term of the BID.

#### **BACKGROUND**

BIDs are generally accepted methods for providing essential services for the safety and cleanliness of communities where municipal funding gaps exist. Metro currently participates in all the BIDs which touch its landholdings at an annual cost to the agency of \$633,000.

In May 2014, the Board approved delegation of authority to the CEO for participation in BIDs where the total assessment over the term of the BID does not exceed \$500,000, and where the action represents a renewal of a BID previously approved by the Board (Attachment A, pages 1-2).

#### **DISCUSSION**

Staff analyzes BID participation using the *General Guidelines for MTA Participation in Proposed Assessment Districts* (included in Attachment A, pages 4-5). Local BIDs often serve as the first line of defense and notification to Metro for issues related to site security, cleanliness, and other general

upkeep related to public stewardship of land.

In June 2019, the Board approved the Highland Park BID. The 5-year obligation is estimated to be less than \$10,000. The current policy required board approval because it was a newly formed district. Metro is involved in more than 50 BIDs and the Board has not refused to participate in any of them.

### Equity Platform

BIDs have proven to support Metro's equity platform by providing for a general subsidy to support neighborhood cleanliness, personal hygiene, and safety where the agency has property. By being able to participate in BID votes, Metro can better support these efforts.

### **DETERMINATION OF SAFETY IMPACT**

This action will have no impact on Metro safety.

### **FINANCIAL IMPACT**

Real Estate accounts for all costs related to BID payments in Cost Center 0651. Real Estate charges on the order of \$633,000 per year across the service areas and land holdings to Account 50799, Tax Others. The Funding source is operating funds including fares and sales tax revenues. These funds are eligible for bus and rail operations and capital projects.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

This is an assessment obligation for Metro to pay based on a locally-formed district's decision to assess a fee. Assuring timely participation in BIDs therefore provides responsive, accountable, and trustworthy governance as stated in Strategic Plan Goal #5.

### **ALTERNATIVES CONSIDERED**

The Board could continue to require approval of new BIDs. This is not recommended as the likely outcome would be a delayed return of BID ballots which would negate Metro's affirmation or re-affirmation to establish and participate in a BID among the communities of its various operating lines.

### **NEXT STEPS**

Upon Board approval, staff will begin routing to the CEO for approval and signature all BID petitions, ballots and other related documents for participation in state-authorized business improvement districts and any other benefit assessment district as defined under California law, where the total assessment over the term of the BID does not exceed \$500,000.

### **ATTACHMENTS**

Attachment A - BID Guidelines

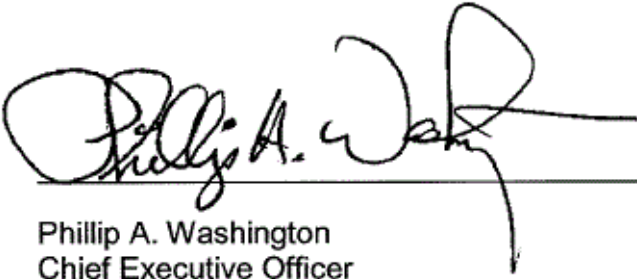
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**REVISED**  
**FINANCE, BUDGET AND AUDIT COMMITTEE**  
**MAY 14, 2014**

**SUBJECT: GUIDELINES ON LACMTA'S PARTICIPATION IN PROPOSED  
BENEFIT ASSESSMENT DISTRICTS (BID)**

**ACTION: DELEGATION OF AUTHORITY**

**RECOMMENDATION**

Delegate authority to the Chief Executive Officer to determine the Los Angeles County Metropolitan Transportation Authority's ("LACMTA") participation in Benefit Assessment District where the total assessment over the term of the BID does not exceed \$500,000, **and where the action represents a renewal of a BID previously approved by the Board.**

**BACKGROUND**

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.

**DISCUSSION**

The existing policy specifically requires that staff analyze each new assessment district's services and provide the MTA Board with an analysis, on a case by case basis. Many of the BIDS are at levels that are significantly below the current delegated authority of the Chief Executive Officer of \$500,000. In addition, the analysis of the benefit to LACMTA is routine and warrants the agency's participation. **Staff would prepare the same level of review and analysis of the benefits of participation in the BID and submit to the CEO for review and approval.** In any case where the total assessment **for a BID's renewal** exceeds \$500,000 over the term of the BID, the

analysis will be completed and submitted to the Board for approval. **Any participation in a newly proposed BID will be subject to Board approval. Staff would still prepare the same level of review and analysis of the benefits of participation in the BID and submit to the CEO for review and approval.**

### **DETERMINATION OF SAFETY IMPACT**

The Board action will not have an impact on safety standards for Metro. However, generally a BID's safety program will increase safety and crime prevention in the area around LACMTA owned properties.

### **FINANCIAL IMPACT**

LACMTA currently participate in ~~40~~ **41** BIDs and street lighting districts. The annual budget as of FY14 is approximately \$517,000.00. Funding to participate in the established BIDs is included in Cost Center 0651, Account No. 50799 (Taxes). Funds are budgeted for each fiscal year. **Funding for the BIDS are allocated from the revenue generated from the General Fund - Right of Way Lease Revenue.**

### **ALTERNATIVES CONSIDERED**

The Board could not approve this recommendation to delegate authority to the Chief Executive Officer and staff would continue to bring **BID renewals these requests** to the Board for approval. The efficiency and the time involved in agendizing the request on the Board's agenda is often constrained by the timeline established by the BID to obtain MTA's approval. In those cases, MTA would not **be able to** sign the petition circulated to property owners affected by the BID **for renewals.**

### **ATTACHMENTS**

Attachment A Guidelines on MTA Participation in Proposed Assessment District dated June 18, 1998

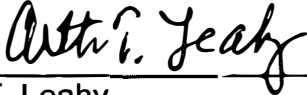
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## **GENERAL GUIDELINES for MTA Participation in Proposed Assessment Districts**

### **1. MTA Participation in Assessment Districts**

Assessment districts can provide a wide variety of services and improvements. However, the MTA must decide individually whether or not specific MTA property benefits from such services and improvements. Such determination shall be dependent upon:

- the use of MTA property, and
- the services or improvements provided by the assessment district.

### **2. Evaluation Criteria**

The following criteria shall be used to evaluate whether or not an assessment district services and/or improvements will benefit MTA is the extent that the services or improvements specifically:

- improve MTA property or facilities,
- benefit MTA employees,
- benefit the MTA riding public, or
- reduce costs for the MTA.

### **3. Determination of Benefit**

Each proposed assessment district containing MTA property will be analyzed on a case-by-case basis; however, general guidelines for determining benefit to MTA properties are as outlined in the following:

#### **TIER 1 - NO BENEFIT**

- Subsurface easements
- Aerial easements
- Rights of Way

#### **TIER 2 - MINOR OR NO POTENTIAL BENEFIT**

- Vacant Land
- Parking Lots

- **Bus Layovers**

**TIER 3 - MINOR OR SOME POTENTIAL BENEFIT**

- **Bus Divisions**
- **Bus Terminals**
- **Customer Service Centers**
- **USG Headquarters Building**
- **Maintenance Facilities**
- **Rail Division**
- **Rail Terminals**
- **Stations**

**TIER 4 - ACTUAL BENEFIT**

- **Joint Development Projects**

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