



Board Report

File #: 2026-0013, File Type: Agreement

Agenda Number: 10.

FINANCE, BUDGET, AND AUDIT COMMITTEE MARCH 19, 2026

SUBJECT: DOWNTOWN INDUSTRIAL BUSINESS IMPROVEMENT DISTRICT RENEWAL 2027

ACTION: APPROVE RECOMMENDATION

RECOMMENDATION

AUTHORIZE the Chief Executive Officer (CEO) or their designee to execute a Petition to Renew Los Angeles County Metropolitan Transportation Authority's (LACMTA) participation in the Downtown Industrial District Property-Based Business Improvement District (BID) for a seven (7) year term commencing January 1, 2027 and expiring December 31, 2033, for a total estimated amount not to exceed \$802,365.79 over the term of the BID renewal.

ISSUE

LACMTA owns 18 parcels within the BID boundaries, representing 4.47% of total district assessments. The renewal of the BID requires the submission of favorable petitions from property owners representing more than 50% of total assessments. Board approval is required as the proposed seven-year term and total cost exceeds the CEO's delegated authority of \$500,000 and the five-year term limit.

BACKGROUND

Under the 1994 Property and Business Improvement District law, the State of California provided a legal framework for the formation of property-based assessment districts through approval by property owners representing a majority (50%) of total assessments within a defined boundary. Approved districts must be renewed upon expiration of their authorized terms. In 2019, the Board updated its 2014 Guidelines for Participation in BIDs, which are included in Attachment A.

The Downtown Industrial District BID was originally established in 1999. The BID area is roughly bounded by 3rd Street on the north, Alameda Street on the east, Olympic Boulevard and 8th Street to the south, and San Pedro Street to the west. (see Attachment B - BID Map). Land uses within the BID primarily consist of retail, wholesale, and industrial activities, including several LACMTA-owned operational facilities.

LACMTA's participation in the BID is funded through annual assessments levied on real property located within the BID boundaries. Annual assessment amounts are determined by the Downtown

Industrial District BID Owners' Association Board of Directors based on the adopted Management Plan and assessment methodology. The BID assessment paid by LACMTA in calendar year 2026 is estimated at approximately \$86,000.

DISCUSSION

The BID boundaries proposed for the 2027 renewal remained unchanged from the prior term, however due to the BID's high administrative costs for the renewal process, including the cost to develop the Management District Plan, develop a per parcel assessment with the tiered levels of services and related costs, and the community outreach and engagement, the BID increased the term of the BID period from five to seven years. Extending the BID term reduces the renewal costs by spreading the costs over a longer period of time. Other BIDs are also adopting longer terms to reduce costs. The current BID term is scheduled to expire on December 31, 2026.

The estimated assessments for the first year of the proposed renewal term (2027) are \$92,716 representing an increase of approximately five percent (5%) above the 2026 assessments. Annual assessment increases may range from zero to seven percent per year and are determined by the BID Owners' Association Board of Directors based on cost of living and other market factors. LACMTA policy, originally adopted by the Board in June 1998 and most recently updated in October 2019 (Attachment A), establishes standardized criteria whether participation in an assessment district provides commensurate benefits to LACMTA-owned property.

Findings

The Downtown Industrial District BID Management Plan identifies services intended to provide special benefits to assessed parcels within the district, including:

- 1. Clean & Maintenance** - Focused on enhancing cleanliness, and overall aesthetics within the district including:
 - a. Power washing
 - b. Graffiti clean-up
 - c. Trash removal
 - d. Street sweeping and other crucial services
- 2. Safety & Security** - Staff and contractors are trained in de-escalation and connecting with City assistance when needed and to contact law enforcement rapidly, if necessary. The Downtown Industrial District BID's Safety Ambassador Program also assists stakeholders and members with non-violent emergencies.

The assessments paid by LACMTA contribute to the annual BID budget supporting these program areas and help maintain conditions that support Metro operations, employee safety, and the transit rider experience.

Considerations

In accordance with the General Guidelines for LACMTA participation in Proposed Assessment

Districts approved by the Board on October 24, 2019 (Attachment A), staff evaluated the extent to which LACMTA-owned property receive benefit from BID services. The Guidelines categorize benefits as follows:

- Tier 1 - No Benefit - includes subsurface easements, aerial easements, and rights of way
- Tier 2 - Minor or No Potential Benefit - includes vacant land and parking lots
- Tier 3 - Minor or Some Potential Benefit - includes bus divisions and terminals, customer service centers, USG, maintenance facilities and rail divisions, terminals and stations.
- Tier 4 - Actual Benefit - Joint Development Projects

Based on the evaluation, LACMTA-owned properties within the BID boundaries were determined to receive Tier 2 and Tier 3 benefits. While the LACMTA-owned properties do not qualify for Tier 4 benefits, BID services provide measurable operational value by improving safety conditions, cleanliness, and accessibility around active transit facilities and employee parking areas. A map identifying LACMTA-owned parcels and associated benefit tiers is included as Attachment B. The 18 LACMTA-owned parcels within the BID boundaries include Division One facilities and associated employee parking lots, which are directly impacted by BID cleaning, safety, and maintenance services.

DETERMINATION OF SAFETY IMPACT

Approval of this action is expected to have a positive safety impact for LACMTA. The BID's Clean and Maintenance Program provide regular safety patrols and environmental maintenance in areas adjacent to LACMTA facilities, contributing to improved conditions for employees. Enhanced cleanliness, increased pedestrian activity, and supplemental safety presence around Division One and associated facilities provide an additional layer of security for LACMTA's operational safety objectives.

FINANCIAL IMPACT

The total cost of the BID renewal will not exceed \$802,365.79 over the seven-year term from January 1, 2027 through December 31, 2033. Annual assessment increases are capped at seven percent (7%) per year and determined by the BID Owners' Association Board of Directors. Actual increases may range from zero to seven percent in any given year. The table below illustrates projected annual costs assuming the maximum annual increase of seven percent (7%):

PERIOD	CALENDAR YEAR	AMOUNT	ANNUAL INCREASE
1	2027	\$92,715.95	Base
2	2028	\$99,206.07	7%
3	2029	\$106,150.49	7%
4	2030	\$113,581.03	7%
5	2031	\$121,531.70	7%
6	2032	\$130,038.92	7%
7	2033	\$139,141.64	7%
TOTAL		\$802,365.79	

Impact to Budget

BID assessments will be included in the FY27 draft budget under Cost Center 0651, Project 306006, Task 01.001. Future assessment increases will be incorporated through the annual budget development process for the duration of the BID term. These expenditures are eligible for bus and rail operations.

EQUITY PLATFORM

BIDs support neighborhood beautification, public health, community outreach, business development, and safety where the agency owns real property. The Downtown Industrial District BID's Safety & Security program provides referrals on a range of services and shelter/interim housing options for people experiencing homelessness. The BID's Safety Ambassador Program also assists stakeholders and members with non-violent emergencies that our first responders are unable to prioritize. The Safety Team personnel are selected through a rigorous process to identify individuals who are capable of working in the unique circumstances that are present in Skid Row and the surrounding areas and possess the empathy and compassion necessary to interact with those experiencing mental health crises or homelessness.

VEHICLE MILES TRAVELED OUTCOME

VMT and VMT per capita in Los Angeles County are lower than national averages, the lowest in the SCAG region, and on the lower end of VMT per capita statewide, with these declining VMT trends due in part to Metro's significant investment in rail and bus transit.* Metro's Board-adopted VMT reduction targets align with California's statewide climate goals, including achieving carbon neutrality by 2045. To ensure continued progress, all Board items are assessed for their potential impact on VMT.

As part of these ongoing efforts, this item is expected to contribute to further reductions in VMT. While this item does not directly encourage taking transit, sharing a ride, or using active transportation, it is a vital part of Metro operations, as it helps to keep Metro properties at Division Six safe and clean which is a rider consideration when choosing to ride Metro. Because the Metro Board has adopted an agency-wide VMT Reduction Target, and this item supports the overall function of the

agency, this item is consistent with the goals of reducing VMT.

*Based on population estimates from the United States Census and VMT estimates from Caltrans' Highway Performance Monitoring System (HPMS) data between 2001-2019.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommendation supports Strategic Plan Goal #3, Enhance communities and lives through mobility and access to opportunity; Goal #4, Transform LA County through regional collaboration and national leadership; and Goal #5, Provide responsive, accountable, and trustworthy governance within LACMTA's organization.

ALTERNATIVES CONSIDERED

The Board could choose not to approve the BID Petition to Renew and thereby not participate in the BID. This is not recommended as non-participation could result in the loss of coordinated clean and safety services surrounding LACMTA facilities within the district and could adversely affect operating conditions at Division One and associated employee parking area. Continued participation ensures service continuity and supports stable conditions in the immediate vicinity of LACMTA-owned parcels.

NEXT STEPS

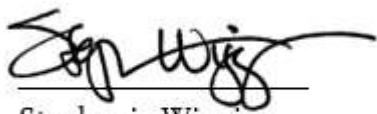
Upon approval by the Board of Directors, the BID Petition to Renew will be finalized and executed by the CEO or their designee as soon as possible to ensure uninterrupted BID services beginning January 1, 2027.

ATTACHMENTS

Attachment A - General Guidelines for Participation in Proposed Assessment Districts

Attachment B - BID Map

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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 Layover

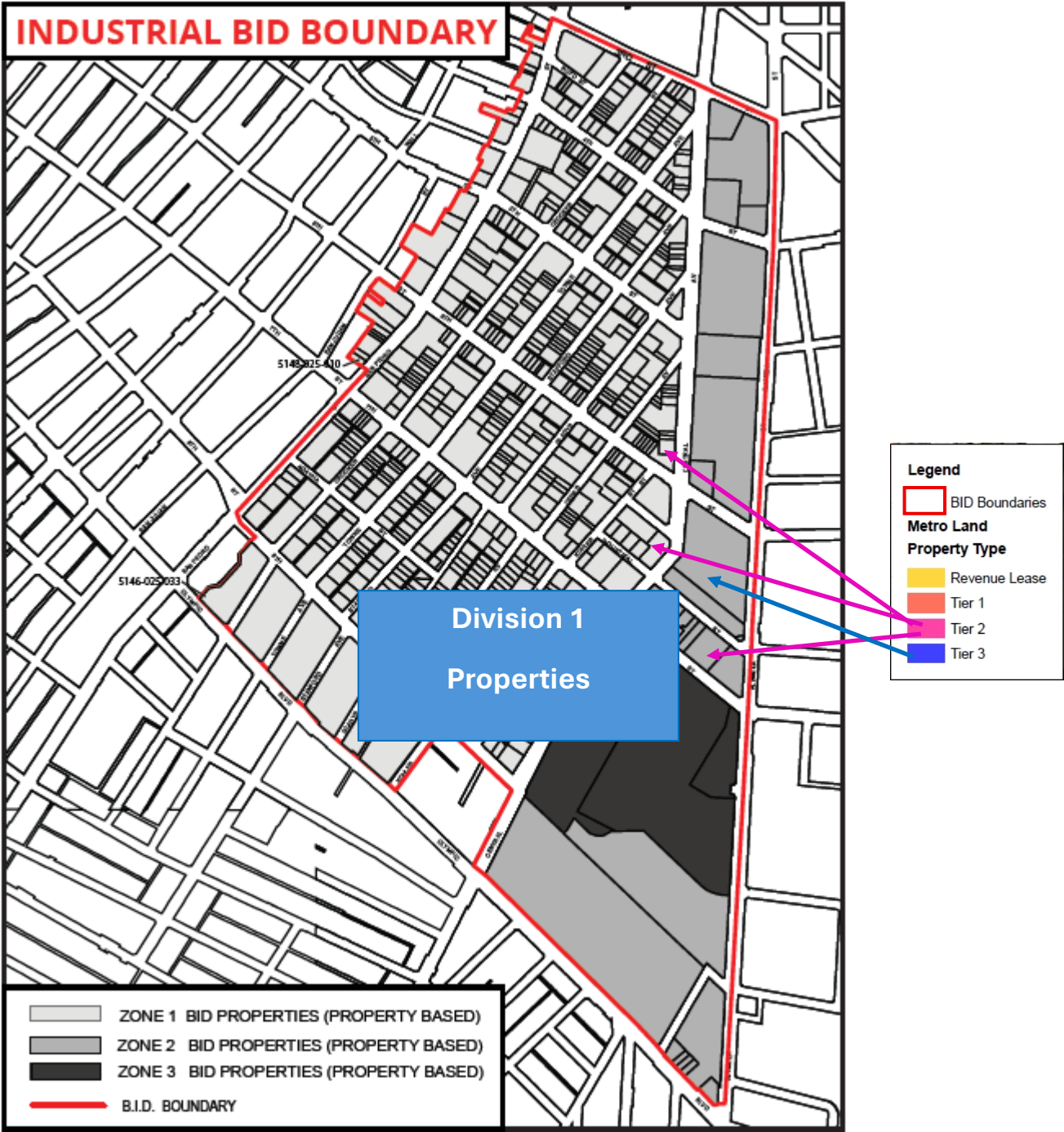
TIER 3-MINOR OR SOME POTENTIAL BENEFIT

- Bus Divisions
- Bus Terminals
- Customer Service Center
- USG Headquarters Building
- Maintenance Facilities
- Rail Division
- Rail Terminus
- Stations

TIER.4-ACTUAL BENEFIT

- Joint Development Project

ATTACHMENT B – BID MAP





We're supporting thriving communities.

**Downtown Industrial Business Improvement District Renewal 2027
Finance, Budget & Audit Committee - March 19, 2026
Agenda Item #2026-0013**

Recommendation

AUTHORIZE the Chief Executive Officer (CEO) or their designee to execute a Petition to Renew Los Angeles County Metropolitan Transportation Authority's (LACMTA) participation in the Downtown Industrial District Property-Based Business Improvement District (BID) for a seven (7) year term commencing January 1, 2027 and expiring December 31, 2033, for a total estimated amount not to exceed \$802,365.79 over the term of the BID renewal.

BID Services Provided to Metro Properties

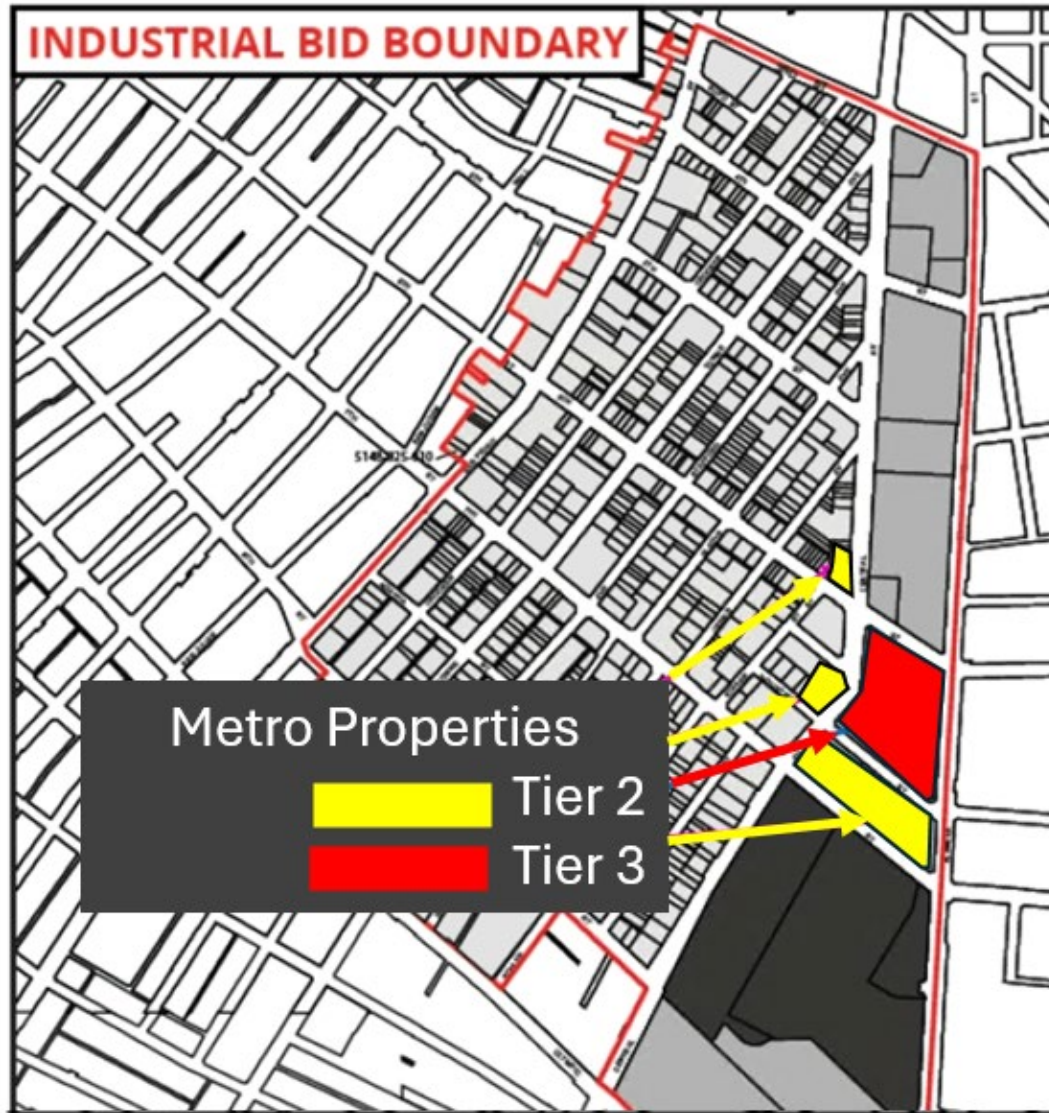
Metro's General Guidelines for Participation in an Assessment District identify the following real property benefits:

1. **Tier 1** - No Benefit - includes subsurface easements, aerial easements, and rights of way
2. **Tier 2** - Minor or No Potential Benefit - includes vacant land and parking lots
3. **Tier 3** - Minor or Some Potential Benefit - includes bus divisions and terminals, customer service centers, USG, maintenance facilities and rail divisions, terminals and stations.

The fees Metro pays to the BID will finance, in part, the annual budget for BID services which includes:

1. **Clean & Maintenance** –
 1. Power washing, graffiti clean-up, trash removal, street sweeping and other crucial services
2. **Safety & Security** –
 1. De-escalation expertise, city assistance coordination, Law enforcement coordination
3. **Representation & Advocacy** –
 1. Advocates for the District at City Hall, City Programs, Planning, and Funding

Downtown Industrial District BID Map



Financial Impact & Next Steps

Financial Impact

The table below outlines the year-over-year costs to Metro assuming the maximum annual increase of 7%:

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1	2027	\$92,715.95	Base
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TOTAL		\$802,365.79	

Upon Board approval:

Upon guidance and approval by the Board of Directors, the BID Petition to Renew will be finalized and executed by the CEO or their designee.

Thank you