



## 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

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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

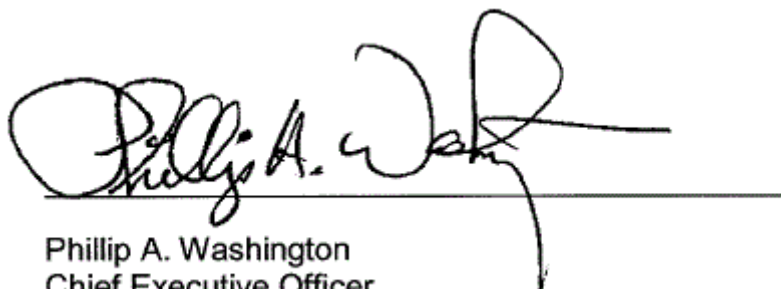
Attachment B - Evaluation of Fashion District Benefit of LACMTA

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