



## Board Report

File #: 2018-0165, File Type: Policy

Agenda Number: 8.

### FINANCE, BUDGET AND AUDIT COMMITTEE MAY 16, 2018

**SUBJECT: FASHION BUSINESS IMPROVEMENT DISTRICT**

**ACTION: APPROVE RECOMMENDATION**

#### **RECOMMENDATION**

APPROVE Metro's participation in the Fashion Business Improvement District ("BID" or "District") for a period of eight years beginning January 1, 2019 to December 31, 2026 for an estimated total amount of \$793,400.

#### **ISSUE**

Metro is being asked to sign a petition confirming the inclusion of four Metro-owned properties in the BID's defined assessment area (see Attachments A & B). Metro's four parcels are: three which comprise the Division 2 Bus Facility; and one which has an independently-owned parking garage with a bus layover for Metro's use on the first floor (see Attachment D for additional detail). Participation in the Fashion BID will provide special benefits to these four Metro properties. Metro has participated in the Fashion BID since its inception in January 1996 through 2018.

#### **DISCUSSION**

The goals of the District are to:

- improve the safety of each individual parcel within the District;
- increase building occupancy and lease rates;
- encourage new business development;
- increase mass-transit ridership thereby attracting more customers to businesses; and
- attract ancillary businesses and services for parcels within the District.

Establishment of the BID 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. Ballots are weighted by each property owner's assessment as proportionate to the total proposed District assessment amount.

Metro has supported the formation of BIDs when the service or improvements provide a direct benefit to Metro properties, employees, and customers. Under Proposition 218, the assessing agency that

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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 follows from having a cleaner and safer area, increased use of the public facilities, and increased attraction to the neighborhood. Proposition 218 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".

The Metro Board adopted the Guidelines on Metro Participation in Proposed Assessment Districts ("Guidelines", see Attachment E) in June 1998. The Guidelines require staff to analyze each assessment district based on whether it provides a benefit to Metro properties, facilities, Metro employees, and/or 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. An evaluation of the Fashion BID's benefits to Metro is attached (see Attachment C).

#### Description of BID

The Fashion District BID will have an eight (8) year life beginning January 1, 2019 and ending December 31, 2026. The BID Steering Committee collectively determines the programs and priorities for improvements within BID's boundaries and are administered by professional management.

#### Safe Team Program

The Safety Program will provide safety services for the individual parcels located within the District in the form of patrolling bicycle personnel, walking patrols and night vehicle patrols. The purpose of the Safe Team Program is to prevent, deter, and report illegal activities taking place on the streets, sidewalks, storefronts, parking lots and public alleys. The presence of the Safe Team Program is intended to deter such illegal activities as vandalism, graffiti, narcotic use or sales, public urination, trespassing, drinking in public, prostitution, illegal panhandling, unpermitted vending, and illegal dumping. The Program will supplement, not replace, other ongoing police, security and patrol efforts within the District. The Safe Team Program will only provide its services within the District boundaries. The special benefit to parcels from these services is increased commercial activity which directly relates to increases in lease rates and customer usage. A District that is perceived as unsafe deters pedestrian and commercial activity.

#### Clean Team Program

To consistently deal with matters of cleanliness, a Clean Program will be provided as it has for the last twenty-one years. Uniformed, radio-equipped personnel sweep litter, debris and refuse from sidewalks and gutters for the assessed parcels in the District. Paper signs and handbills that are taped or glued on property, utility boxes, poles, and telephones are removed. District personnel pressure wash sidewalks. Collector truck personnel collect trash from sidewalk trash receptacles.

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Graffiti removal is affected by painting, using solvent and pressure washing. The District maintains a zero-tolerance graffiti policy. An effort is made to remove all graffiti within 24 hours on weekdays. Clean sidewalks support an increase in commerce and provide a special benefit to each individually-assessed parcel in the district. The Clean Team will only provide service to properties within the BID's boundaries.

### Communication

To communicate the changes that are taking place in the BID and to enhance the positive perception of the BID's parcels, a professionally developed marketing and communication program has been created to improve the positive perception of the BID.

### Management

The improvements and activities are managed by a professional staff that requires centralized administrative support. Management oversees the District's services delivered seven days a week. Management actively works on behalf of the District parcels to ensure that city and county services and policies support the District. Included in this item are professional services, insurance, annual financial audit, and related city fees to collect and process assessments, as well as a reserve for uncollectible assessments.

## **DETERMINATION OF SAFETY IMPACT**

The Board action will not have an impact on safety standards for Metro.

## **FINANCIAL IMPACT**

The BID's proposed assessment for Calendar Year 2019 is \$83,086.27. The assessments will be subject to annual increases not to exceed 5% per year (see Attachment D for full schedule). Assuming a 5% increase per year, the total cost to Metro over the eight-year term of the BID is projected to be \$793,400.

### Impact to Budget

Funding to participate in this BID is included in the FY19 budget request for Cost Center 0651 (Non-Departmental Real Estate) under Project 306006 (Systemwide Bus Operations), Account No. 50799 (Taxes). Funding source is ordinary operating funds including fares and sales tax revenues. These funds are eligible for bus and rail operations.

## **ALTERNATIVES CONSIDERED**

Metro could refrain from signing the petition and casting a ballot. This alternative is not recommended. Based on the evaluation of the benefits to Metro, participation in the BID is recommended.

## **NEXT STEPS**

Execute petition and participate in the BID.

**ATTACHMENTS**

Attachment A - Fashion BID Boundaries

Attachment B - Map of District


Attachment C - Evaluation of Fashion District Bid Benefit to Metro

Attachment D - Metro Owned Parcels in BID and Eight-Year Costs

Attachment E - BID Guidelines

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