



Executive Director's
Report to the
Board of Harbor Commissioners

DATE: JUNE 13, 2012

FROM: PLANNING & ECONOMIC DEVELOPMENT

SUBJECT: RESOLUTION NO. _____ - RENEWAL AND EXPANSION OF THE SAN PEDRO HISTORIC WATERFRONT DISTRICT BUSINESS IMPROVEMENT DISTRICT

SUMMARY:

In 2008, the City of Los Angeles (City) approved the establishment of the San Pedro Historic Waterfront District Business Improvement District (District), a property and business improvement district that includes the downtown core of San Pedro and the San Pedro waterfront area of the Port of Los Angeles (Port) generally from 3rd Street south to the S.P. Slip south of Ports O' Call Village. The purpose of the District is to provide improvements and services to revitalize, enhance and maintain historic downtown San Pedro, including the waterfront, and ultimately improve services to the community through increased tax revenues and economic development. The services of the District are funded through an assessment placed on real property within the District.

The District has begun the reauthorization process for a five-year renewal of the District, which if approved would commence January 1, 2013. In addition to reauthorizing the District, an expansion of the District is also proposed. The expansion would include property and improvements along the San Pedro waterfront on City of Los Angeles Harbor Department (Harbor Department) controlled property, including the cruise terminals, Catalina Express and associated parking lots, Fanfare Fountain, and Harbor Boulevard promenade. The increase in assessments for the Harbor Department associated with the expansion area would be offset by the elimination of the Port of Los Angeles High School parcel, which is no longer owned by the Harbor Department, an adjustment in the Port Police building parcel assessment and a 3 percent reduction in the assessment rate. The proposed net effect to the Harbor Department's assessments would be a reduction of \$11,507 per year, derived from the difference between the proposed assessments of \$232,218 from the current assessment of \$243,725 annually. The Harbor Department's assessment represents 23 percent of the total District budget of \$988,410.

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RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners (Board):

1. Adopt the Order authorizing the Executive Director to sign the Property Owner Petition pledging the Harbor Department's support for the renewal and expansion of the District to include the two parcels that include the Berths 91-93 Cruise Terminals and parking lots (Assessor's Parcel 7440-026.903) and Catalina Express and the associated parking lot and the Fanfare Fountain and Harbor Boulevard promenade (Assessor's Parcel 7440-024.911);
2. Authorize the Executive Director to sign the Property Owner Ballot to support the renewal and expansion of the District upon the Los Angeles City Council's finding of majority support for the renewal of the District; and following the City Council's authorization of a District election;
3. Authorize the expenditure of funds for the Harbor Department's 2013 assessment obligation for the District with annual adjustments not to exceed three percent (3%) per year for a five-year term; and
4. Adopt Resolution No. _____.

DISCUSSION:

The California Property and Business Improvement District Law of 1994 authorizes the City to establish property and business improvement districts (P-BIDS). Since the program began in 1994, 36 P-BIDS have been established throughout the City. P-BIDS are special benefits districts established to create a stable revenue source to fund special benefits accrued to the property owners within the district. Revenues are generated through an assessment on parcels which, in turn are, used to fund special benefits. These benefits may include cleaning of the public rights of way, trash and graffiti removal, security services, landscape maintenance, economic development activities, marketing and promotion, and special events.

On January 17, 2008, the Board authorized the Executive Director to execute the Property Owner Ballot in support of the District's establishment and on July 9, 2008, the City approved the establishment of the District. The District's boundaries include the downtown core of San Pedro and the San Pedro waterfront area of the Port generally from 3rd Street south to the S.P. Slip south of Ports O' Call Village. Transmittal 1 shows the boundaries of the current P-BID. The District includes 244 assessable parcels, of which eight are controlled by the Harbor Department. The annual assessments within the District are based on two benefit zones which contain different levels of service and assessment rates. As identified in Table 1 below, the parcels east of Harbor Boulevard

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(Harbor Department-owned), are assessed at a lesser rate than those west of Harbor Boulevard. The lower assessed rate is due to a number of services (security, maintenance) that are already being provided by the Harbor Department and that the parcels west of that include the Harbor Department controlled parcel (Harbor Administration Building & Boy's and Girl's Club) receive a greater concentration of services.

Table 1

Parcel Assessment Rate by Zone	Per sq/ft. Residential Improvement	Per sq/ft. Non-Residential Improvement	Per sq/ft. Lot Size
(West) Zone 1:	\$ 0.0771	\$ 0.1542	\$ 0.1083
(East) Zone 2:	N/A	\$ 0.0771	\$ 0.0542

The original assessment on the Harbor Department parcels was \$236,626. Under the provisions of the Management District Plan (MDP), assessments can be increased up to 3 percent annually. However, since the inception of the District, the assessments have never been increased during the first five-year authorization of the District.

Services provided to the Harbor Department by the District include visitor and tourist ambassador services, rubber-tired trolley service between the San Pedro waterfront and downtown San Pedro, marketing and promotional efforts for the waterfront, landscape services, management of the vendor kiosks at the Fanfare Fountain, assistance with the Port's summer concert series, and supplemental security services at Ports O' Call Village. The District is managed by a non-profit property owner's entity which administers the services and improvements. The non-profit entity is governed by a Board of Directors and the Harbor Department has representation on that Board.

The District is currently seeking a five-year reauthorization. Similar to the original approval, the reauthorization will require the approval of a majority vote of ballots received. The vote is weighted by the amount of assessment each property owner has in the District. For the Harbor Department, that represents approximately 23 percent of the total assessments.

It is proposed that the reauthorized District boundaries be modified to include the cruise terminals, Catalina Express and associated parking lots, the Fanfare Fountain and Harbor Boulevard promenade. The projected assessment from these parcels is \$38,480 annually. This increase in assessments to the Harbor Department would be offset by a reduction in assessments by the removal of the Port of Los Angeles High School parcel from the Harbor Department's obligation, an adjustment to the Port Police building parcel assessment, and a 3 percent reduction in the assessment base. The net impact to the Harbor Department's assessment is a reduction of \$11,507 annually.

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Transmittal 2 presents the proposed District boundaries. The total proposed Harbor Department assessment of \$232,218 represents 23% of the overall District budget of \$988,470.

Currently, the District provides services to the Harbor Department at the cruise terminal and Fanfare Fountain parcels as they are viewed as contributing to the benefit of the District property owners primarily through attracting visitors to the waterfront that could then patronize businesses of property owners in the District. Inclusion of these parcels will allow the Harbor Department to realize expanded direct District services on those parcels.

Should the Harbor Department decide to vote against the renewal of the District, the reauthorization of an expanded District could proceed, including the Harbor Department-owned properties, provided a majority of the property owners within the District support the reauthorization. The Harbor Department has a representative on the District Board of Directors, which approved the Management District reauthorization on March 2, 2011.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval to renew and expand the San Pedro Historic Waterfront District Business Improvement District, which assesses a fee on real property within the District to fund programs and services provided by the District. As an administrative activity, the Director of Environmental Management has determined the proposed action is exempt from the California Environmental Quality Act (CEQA) in accordance with Article II, Section 2(f) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

The original assessment on the Harbor Department parcels was \$233,789 annually and under the provisions of the Management District Plan (MDP), assessments can be increased up to three percent annually. However, since the inception of the District, the assessments have never been increased during the first five-year authorization of the District. In this proposed Board action, the Harbor Department shall pay an annual assessment in the amount of \$230,740. This amount too may be adjusted annually up to three percent (3%), in accordance with the Consumer Price Index. The Harbor Department's cumulative assessment of the District over the five-year term (including annual increases of three percent) is \$1,225,030. Funds for FY 2012/2013 are available in Account No. 59710, Center No. 0424 and Program No. 000. Funding to pay the assessment for future fiscal years will be requested to be budgeted as part of the annual budget adoption process, upon Board approval.

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ECONOMIC BENEFITS:

This Board action will have no direct employment impact. However, the expanded District will be able to provide expanded ambassador and tourist services at the cruise terminals, expanded assistance to Harbor Department staff in promoting the summer concert series at the Fanfare Fountain and comprehensive management of the Harbor Department-owned vendor kiosks along the waterfront.

CITY ATTORNEY:

The City Attorney's office has reviewed this resolution and approves it as to form and legality.

TRANSMITTALS:

1. Current District Boundary Map
2. Proposed District Boundary Map

FIS Approval: kk (initials)
CA Approval: tan (initials)

for 
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APPROVED:


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