

DOWNTOWN DOWNFY COMMUNITY BENEFITY DISTRICT NEWSI FTTFR

**JULY 2018** 

On August 5, 2015, the LA Times carried an article about Downtown Downey on the front page of the "California" section of the paper. The article was extremely positive and was entitled..."Latinos' rising fortunes are epitomized in Downey – Downey considered to be the new Latino Beverly Hills"

The article went on to state..."Downey – a southeast Los Angeles County suburb that gave birth to space shuttles – is nearly 75% Latino. And despite the white flight that followed the decline of the aerospace industry, its economy is booming, with new shopping center and businesses. The median annual household income is just about \$55,000 – roughly the county average but significantly higher than surrounding Latino-majority cities. One in five households earn at least \$100,000."

Downey is an upswing and Downtown property owners seek to build upon this new momentum and take Downtown to the next level.

Since last summer, a Downtown Downey group of property owners has worked to gauge support within the community for a new Special Benefit District for both the Downtown Downey property owners and business community. The City of Downey has hired New City America - specializing in Special Benefit District formation and management throughout the country - to work with the property owners to investigate the viability of a Community Benefit District (CBD) in Downtown.

Following meetings conducted this summer, the newly-formed Downtown Downey CBD Steering Committee approved and mailed out a survey to Downtown property owners. This newsletter outlines the continuation of а series of communication pertaining to the proposed Downtown Downey Community Benefit District (CBD).

# The investigation of a new Downtown Downey CBD centered on these four questions

How do property owners make sure that:

- 1. Downtown's brand will become positive?
- 2. Greater demand will be placed on the buildings resulting in greater rental rates?
- 3. Commerce will increase for retailers?
- 4. Public rights-of-way will become

more orderly and attractive?

Downtown Downey has many things going for it, in part due to the City Council's investment in the following projects, programs, and activities over the past few years:

#### **Capital Improvements**

- Invested \$6.7 million for Firestone Boulevard street and streetscape improvements.
- Invested \$4.6 million to support the Downey View apartments; the first new residential units in Downtown in years.
- Funded over \$600,000 to improve Downtown Downey roadway lighting (upgrading the decorative lights to LED, remove and replace 30 feet cobra head lights with decorative lighting, repainting light poles as necessary, etc...) on Downey Ave. from Firestone Blvd., to 5th St.

### Additional operational annual costs

- Allocated over \$100,000 annually for private security services related to the public parking structure and immediate surrounding area.
- Provided tens of thousands of dollars in annual maintenance costs (including but not limited to: sidewalks and seat-wall cleaning,





Porto's Bakery

tree trimming, median landscape maintenance, parking structure and other public parking maintenance, and roadway lighting – not done elsewhere in the City).

- Funded sidewalk and hardscape/pavers and seat benches, pressure washing/steam cleaning - \$66,000
- Funded parking structure maintenance and operations -\$64,000.
- Funded \$7,000 for Downtown tree trimming (on a two year cycle).
- Funded the cost for electricity and lighting in Downtown of roughly \$10,000 per year.

### Additional activities and program costs include

- Underwriting \$36,000 for rooftop events in Downtown.
- Underwriting up to \$55,000 for the Downtown International Food Festival.
- Underwriting \$70,000 for holiday and seasonal décor (banners, lighting, signage) annually.
- Underwriting the Annual Rock and Ride Events for \$25,000 per year.

The services listed above are NOT provided City wide; rather exclusively to Downtown business and property owners. In that sense, they are dependent upon year-to-year General

Fund budgeting by the City Manager and City Council. The proposed Downtown Downey CBD will provide guaranteed "special benefits", in addition to enhancing rent and attracting new capital investment, in turn improving the visiting, retail, and business experience.

# What can a CBD do for Downtown Downey?

In summary, a Downtown Downey CBD is a Special Benefits Assessment District whereby property owners will pay for and control the assessments they generate through the CBD. The CBD can fund solutions to safety, sidewalk cleanliness, install/improve decorative amenities such as street furniture/fixtures/equipment/lighting, enhance promote and brand/image of Downtown, manage events, create a strong social media presence, and facilitate public relations for Downtown businesses and other warranted activities. The CBD's purpose will be to increase commerce. attract new businesses development, and manage Downtown Downey programs and activities.

The new Downtown Downey CBD can fund campaigns and marketing programs that improve the name "Downtown Downey" to the general public and attract consumers within a 10 – 15 mile radius. Our survey results show that property owners believe the image of Downtown Downey is its weakest asset.

#### Survey results

As mentioned in the first paragraph of this newsletter, a group of property owners in Downtown Downey came together this summer to survey whether there was conceptual support for the establishment of a new property assessment district to fund special benefit services in Downtown.

Since all properties would be included in the proposed CBD, the basis for support was reviewed by parcel linear frontage, lot square footage, and building square footage. These figures are used because they are what each property has in common. In California, one cannot use assessed valuation to determine support since assessed valuation of a property is: 1) based upon when someone bought the property, not upon its actual market value, and 2) not relevant to public parcels, which don't have an assessed valuation per se, but which will also be assessed due to the services they would be receiving.



New City Funded Improvements on Firestone Boulevard

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New Residential Development in Downtown

When combined with the City level of support (the City properties will also be required to pay into the new CBD), the following responses demonstrated conceptual support for the continued investigation of the new CBD:

First, these responses demonstrated to the CBD Steering Committee that the majority of the responding property owners thought there was merit in the CBD concept. This proposed Downtown Community Downey Benefit District can only be formed by a mail-in vote of the property owners within the proposed district boundaries, with votes weighted according to the amount to be assessed against each property.

A summary of the survey results and the resulting CBD plan, beginning with the services it would fund, are as follows:

### <u>Priority Special Benefit Services –</u> <u>According to the Survey</u>

The survey asked a variety of specific questions regarding property owner-funding of services over and above what the City and County were currently providing. The services outlined by the responding property

owners prioritized the following:

- By a two to one margin, property owner respondents stated that they support services to deal with homelessness and panhandling issues.
- By a two to one margin, property owners stated they supported property owner funded regular sidewalk and gutter sweeping in Downtown.
- By a two to one margin, property owner respondents stated that they support services related to planting, trimming and maintenance of trees, plants, flowers and other landscaping in Downtown Downey.
- By almost a two to one margin, property owner respondents stated that they support services for public relations and social media to support the branding of Downtown.

### **Budget Category Analysis**

The CBD would provideWe want to give the property owners greater flexibility in determining the type and frequency of special benefit services that will be allocated on a year-to-year basis. As Downtown evolves, services

that are needed one year may not be needed the next. Therefore, the District Management Planwe includeshave created "buckets" of categories of special benefit funding and divideshave divided them into 4 broad categories. Each of these section categories will give the property owner management corporation the stated percentages per services for the life of the district, withbut the flexibility to prioritize or minimize a service found within that category during the life of the CBD. The four categories of services include Sidewalk Operations, District Identity, Administration, and Contingency. These categories of services and their percentages represent the service plan the Downtown Downey property owners will be voting on when the CBD comes up for a mail ballot later this fall.

# Sidewalk Operations, Beautification & Order

The frequency of these services will be between four and seven days per week. Sidewalk operations services respond to all issues between the curb and the property line of the sidewalks within the proposed Downtown Downey CBD. Examples of these special benefit services cost over and above current City services and include, but are not limited to:

- Regular sidewalk and gutter sweeping
- Periodic sidewalk steam cleaning
- Beautification of the district
- Enhanced trash emptying
- Special events maintenance and set up
- Maintenance of existing and new public spaces
- Hanging plants, planting flowers throughout the district
- Possible private security and cameras in the public rights of way
- Working with Downey police to ensure Downtown remains safe and secure.

### <u>District Identity & Streetscape</u> Improvements

Examples of these special benefit services and costs include, but are not limited to:

Web site development and

- updating
- App development
- Management and coordination of special events
- Social media
- Holiday and seasonal decorations
- Branding of Downtown Downey to promote a positive images
- Banner programs
- Public art displays
- Logo development
- Public space design & improvements
- Public relations

### Signage

# Administration & Corporate Operations

Examples of these special benefit services and costs include, but are not limited to:

- Staff and administrative costs
- Directors & Officers Insurance
- Office related expenses, including rent
- Financial reporting, accounting, legal consulting

### Contingency / City & County Fees / Reserve

Examples of these special benefit services and costs include, but are not limited to:

- Delinquencies, City Fees, and County fees
- Reserves

### **Property Data for Entire District**

Building Square Footage	Lot Size (Square Footage)	Linear Frontage
1,156,783 SqFt	2,073,549	16,130

#### **Costs and Analysis**

Throughout the month of July and the beginning of August, the CBD Steering Committee met to look at 4 scenarios for the creation of an enhanced services budget which would generate enough income to make an impact in Downtown, increase sales and commerce, put greater demand on properties and facilitate rapid growth and development. After review of these four scenarios, an option was adopted that will generate revenues of around \$290,000 per year and will be based upon generating that revenue from the following property variable sources.

CBD Service	Budgeted Amount	% of Budget
Sidewalk Operations, Beautification & Order	\$130,000	51%
District Identity & Streetscape Improvements	\$60,000	24%
Administration & Corporate Operations	\$53,000	21%
Contingency / Fees / Reserve	\$10,589	4%
Total First Year Budget	\$253,589	100%

All three factors would be added up and that would equal the first year annual assessment Disestablishment.

Under the new local enabling ordinance, Downtown CBD participants will have an annual period in which to petition the City Council to disestablish the CBD. If the property owners vote, by weighted majority to disestablish the district, the assessment will be removed from the parcels the following fiscal year.



The New Downtown Downey

If you have any other questions regarding the proposed Downtown Downey CBD, please contact the CBD Consultant Marco Li Mandri of New City America at 888-356-2726 or Aldo Schindler, Director of Community Development for the City of Downey at 562-904-7168.

Let's all work to make Downtown Downey a place we can all be proud of.

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#### **Steps for Formation**

The following steps must be followed to establish the CBD:

The CBD Steering Committee approves the rough draft Management Plan including the special benefit services, the annual costs, benefit zones, term, management of the district, etc.

The Steering Committee approved the preliminary plan in April and it was reaffirmed in early August. The Steering Committee elected to move forward to the formation stage.

Management District Plan (MDP) submitted to City and Assessment Engineer

The state constitution requires that the Management District Plan be certified as compliant with Proposition 218 by an Assessment Engineer. The Plan must also be approved by the City Attorney and City Manager. **Estimated date for completion of this process is October 2018.** 

Management District Plan is approved by the City Attorney and Assessment Engineer and petition drive is launched We anticipate the petition drive to be launched by the CBD Steering Committee in late-October, with the target completion date by late-November.

Resolution of Intent

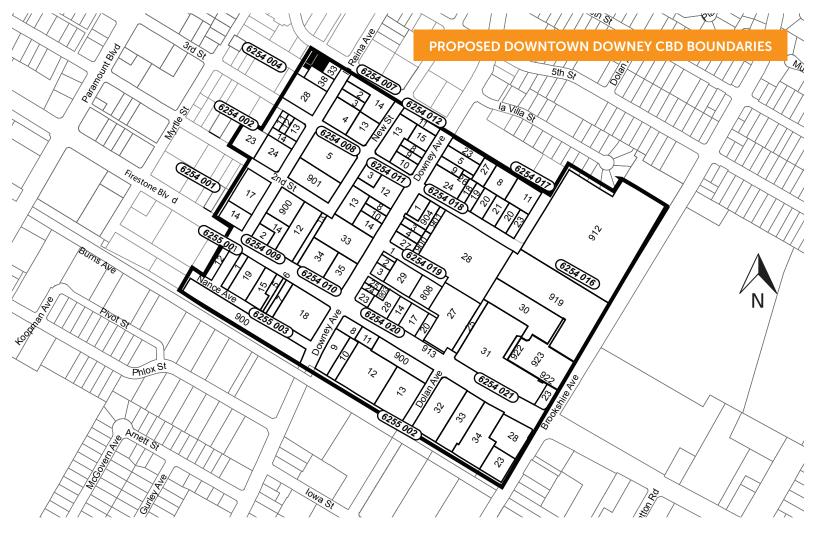
**In November,** the City Council will receive a staff report and adopt a "Resolution of Intent" to form the CBD. The requisite number of petition signatures must be submitted to the City to trigger this process and allow the balloting to proceed. The City Council instructs the City Clerk to mail ballots to all affected property owners within the CBD boundaries. The ballots will be due by the public hearing date and will allow each property owner to vote yes or no on the mail ballot.

**Public Hearing** 

It is anticipated that the public hearing will be held the **first Council meeting in January**. Testimony will be given by property owners and the City Clerk will go into an adjacent room to open and tabulate the ballots. The CBD may be formed if the majority of returned, signed ballots support the formation of the district, with ballots weighted according to the amount that would be paid by each property owner.



The Dramatic Landscaping on Firestone Boulevard





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