

**Metro**

Los Angeles County  
Metropolitan Transportation Authority

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**FINANCE, BUDGET AND AUDIT COMMITTEE  
SEPTEMBER 18, 2013**

**SUBJECT: GUIDELINES ON LACMTA'S PARTICIPATION IN PROPOSED  
BENEFIT ASSESSMENT DISTRICTS (BID)**

**ACTION: DELEGATION OF AUTHORITY**

**RECOMMENDATION**

A. Delegate authority to the Chief Executive Officer to determine LACMTA's participation in Benefit Assessment District where the total assessment over the term of the BID does not exceed \$500,000.

**ISSUE**

The MTA Board adopted Guidelines on LACMTA Participation in Proposed Assessment Districts ("Guidelines") in June 1998 (See Attachment 1). 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.

**DISCUSSION**

The existing policy specifically requires that staff analyze each new assessment district's services and provide the MTA Board with an analysis, on a case by case basis. Many of the BIDS are at levels that are significantly below the current delegate authority of the Chief Executive Officer of \$500,000. In addition, the analysis of the benefit to LACMTA is routine and warrants the agency's participation. In any case where the total assessment exceeds \$500,000 over the term of the BID, the analysis will be completed and submitted to the Board for approval. Staff would still prepared the same level of review and analysis of the benefits of participation in the BID and submit to the CEO for review and approval.

## **DETERMINATION OF SAFETY IMPACT**

The Board action will not have an impact on safety standards for Metro. However, generally a BID's safety program will increase safety and crime prevention in the area around LACMTA owned properties.

## **FINANCIAL IMPACT**

LACMTA currently participate in 40 BIDs and street lighting districts. The annual budget as of FY14 is approximately \$517,000.00. Funding to participate in the established BIDs is included in Cost Center 0651, Account No. 50799 (Taxes). Funds are budgeted for each fiscal year.

## **ALTERNATIVES CONSIDERED**

The Board could not approve this recommendation to delegate authority to the Chief Executive Officer and staff would continue to bring these requests to the Board for approval. The efficiency and the time involved in agenizing the request on the Board's agenda is often constrained by the timeline established by the BID to obtain MTA's approval. In those cases, MTA would not sign the petition circulated to property owners affected by the BID.

## **ATTACHMENT**

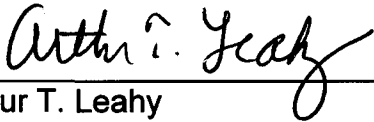
Attachment A. Guidelines on MTA Participation in Proposed Assessment District dated June 18, 1998,

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**FINANCE AND BUDGET COMMITTEE**

**June 18, 1998**

**SUBJECT: GUIDELINES ON MTA PARTICIPATION IN PROPOSED  
ASSESSMENT DISTRICTS**

**ACTION: ADOPT GENERAL GUIDELINES**

**RECOMMENDATION**

Adopt general guidelines (Attachment 1) concerning MTA participation in assessment districts.

**POLICY IMPLICATIONS**

Proposition 218, which California voters approved in November 1996, requires 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.”**

Proposition 218 also says:

**“...only special benefits are assessable... No assessments shall be imposed on any parcels which exceed the reasonable costs of the proportional special benefit conferred on that parcel. General enhancement of property value does not constitute a general benefit.”**

Currently, there are no MTA general guidelines which provide direction to other agencies or organizations that are forming new assessment districts as to the types of MTA properties that could benefit from assessment districts services or improvements. On a case-by-case basis, the MTA has received and responded to requests for supporting special improvement districts when the services and/or improvements specifically benefit MTA property.

In implementing the proposed general guidelines, staff will analyze each new assessment district service and/or improvement based on whether they:

- improve MTA property or facility,
- benefit MTA employees,
- benefit the MTA riding public, or
- reduce costs for the MTA.

Staff will provide the MTA Board of Directors with an analysis, on a case-by-case basis that determines:

- whether the MTA property benefits from the proposed services or improvement, and
- whether the benefit to the property exceeds the cost of the assessment.

The guidelines as proposed by staff will provide direction on general parameters for analyzing and evaluating the proposed services or improvements. Based on these guidelines, the Board will determine whether or not to participate in the proposed district.

### **FINANCIAL IMPACT**

The MTA is expected to pay approximately \$50,000 in assessment fees for FY 1998-99 for maintenance, security, and landscaping services. This amount could rise, if additional assessment districts are formed which include MTA properties. Organizations interested in forming assessment districts, such as the cities of West Hollywood and Los Angeles, have already approached staff.

### **ALTERNATIVES CONSIDERED**

The Board of Directors could authorize the Chief Executive Officer (or his designee) to determine whether specific MTA property benefits from the services or improvements provided by an assessment district and whether to support or not support district formation efforts. County Counsel has recommended against this alternative because it is more appropriate for the Board to make the determination of whether to support district formation.

The MTA could continue without any general guidelines concerning the MTA participation in assessment districts. Staff does not recommend this alternative because it does not provide any direction on the MTA position on the formation of new assessment districts.

### **BACKGROUND**

The MTA has supported the formation of special assessment districts when the service or improvement provides a direct benefit to MTA property, employees, and customers. Because the MTA has extensive real estate holdings throughout Los Angeles County that contain a variety of land uses, a general framework for determining the types of properties that could potentially benefit is needed.

Under Proposition 218, the assessing agency that proposes an assessment identifies all parcels that will receive a special benefit. The special benefit for each parcel is determined by:

- the relationship to the capital cost of a public improvement,
- the maintenance and operation expenses of a public improvement, or
- the costs of the property related service being provided.

No assessment can be imposed on any parcel that exceeds the reasonable cost of the proportional special benefit on that parcel. Only special benefits are assessable. General enhancement of property value does not constitute special benefit. For example, an operating bus division may potentially receive benefit from a landscaping assessment district.


However, that same bus division would receive no benefit from a marketing or general business improvement (signage, special event) district.

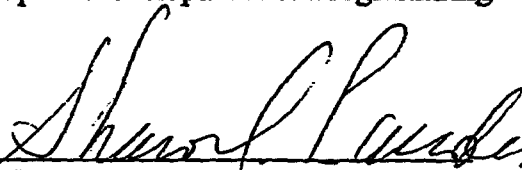
Staff recommends that the Board adopt the general guidelines shown in Attachment 1. Once adopted, the general guidelines will provide the direction needed for the MTA to follow regarding participation in assessment districts.

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Attachments (1)



**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 Layovers**

### **TIER 3 - MINOR OR SOME POTENTIAL BENEFIT**

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

### **TIER 4 - ACTUAL BENEFIT**

- **Joint Development Projects**