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CALIFORNIA



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February 3, 2017
Honorable Members of the City Council
City Hall, Room 395
200 North Spring Street
Los Angeles, California 90012

Council Districts 14

REGARDING:

THE DOWNTOWN INDUSTRIAL DISTRICT (PROPERTY BASED) BUSINESS IMPROVEMENT DISTRICT'S 2017 FISCAL YEAR ANNUAL PLANNING REPORT

Honorable Members:

The Office of the City Clerk has received the Annual Planning Report for the Downtown Industrial District Business Improvement District's ("District") 2017 fiscal year (CF 12-0931). The owners' association of the District has caused to be prepared the Annual Planning Report for City Council's consideration. In accordance with the Property and Business Improvement District Law of 1994, California Streets and Highways Code Section 36650, an Annual Planning Report for the District must be submitted for approval by the City Council. The Downtown Industrial District Business Improvement District's Annual Planning Report for the 2017 fiscal year is presented with this transmittal for City Council's consideration as "Attachment 1."

BACKGROUND

The Downtown Industrial District Business Improvement District was established on July 30, 2014 by and through the City Council's adoption of Ordinance No. 183156 which confirmed the assessments to be levied upon properties within the District, as described in the District's Management District Plan. The Council established the District pursuant to State Law.

ANNUAL PLANNING REPORT REQUIREMENTS

The State Law requires that the District's owners' association shall cause to be prepared, for City Council's consideration, an Annual Planning Report for each fiscal year for which assessments are to be levied and collected to pay for the costs of the planned District improvements and activities. The Annual Planning Report shall be filed with the City Clerk and shall refer to the district by name, specify the fiscal year to which the report applies, and, with respect to that fiscal year, shall contain all of the following: any proposed changes in the boundaries of the district or in any benefit zones within the district; the improvements and

activities to be provided for that fiscal year; an estimate of the cost of providing the improvements and activities for that fiscal year; the method and basis of levying the assessment in sufficient detail to allow each real property owner to estimate the amount of the assessment to be levied against his or her property for that fiscal year; the amount of any surplus or deficit revenues to be carried over from a previous fiscal year; and the amount of an contributions to be made from sources other than assessments levied.

The attached Annual Planning Report, which was approved by the District's Board at their meeting on December 14, 2016, complies with the requirements of the State Law and reports that programs will continue, as outlined in the Management District Plan adopted by the District property owners. The City Council may approve the Annual Planning Report as filed by the District's owners' association or may modify any particulars contained in the Annual Planning Report, in accordance with State Law, and approve it as modified.

FISCAL IMPACT

There is no impact to the General Fund associated with this action.

RECOMMENDATIONS

That the City Council:

1. FIND that the attached Annual Planning Report for the Downtown Industrial District Business Improvement District's 2017 fiscal year complies with the requirements of the State Law
2. ADOPT the attached Annual Planning Report for the Downtown Industrial District Business Improvement District's 2017 fiscal year, pursuant to the State Law.

Sincerely,



Shannon D. Hoppes
Executive Officer

Attachment:

Downtown Industrial District Business Improvement District's 2017 Fiscal Year Annual Planning Report

February 2, 2017

Holly L. Wolcott, City Clerk
Office of the City Clerk
200 North Spring Street, Room 224
Los Angeles, CA. 90012

Subject: Downtown Industrial District PBID 2017 Annual Planning Report

Dear Ms. Wolcott:

As required by the Property and Business Improvement District Law of 1994, California Streets and Highways Code Section 36650, the Board of Directors of the Downtown Industrial District Business Improvement District has caused this Downtown Industrial District Business Improvement District Annual Planning Report to be prepared at its meeting on December 14, 2016.

This report covers proposed activities of the Downtown Industrial District BID from January 1, 2017 through December 31, 2017.

Sincerely,

A handwritten signature in cursive script that reads "Estela Lopez".

Estela Lopez
Executive Director
Central City East Association

Downtown Industrial District Business Improvement District

2017 Annual Planning Report

District Name

This report is for the Downtown Industrial District Business Improvement District (District). The District is operated by the Central City East Association, a California non-profit corporation.

Fiscal Year of Report

The report applies to the 2017 Fiscal Year. The District Board of Directors approved the 2017 Annual Planning Report at the December 14, 2016 Board of Director's meeting.

Boundaries

There are no changes to the District boundaries for 2017.

Benefit Zones

There are no changes to the District's benefit zone(s) for 2017.

2017 IMPROVEMENTS, ACTIVITIES AND SERVICES

Clean and Safe: \$1,607,746.79 (72.50%)

Safe Team Program-

The Safety Program will provide safety services for the individual assessed parcels located within the District in the form of patrolling bicycle and vehicle personnel. 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 alleys. The presence of the Safe Team Program is intended to deter such illegal activities as public urination, indecent exposure, trespassing, drinking in public, prostitution, and illegal dumping. The Program will supplement, not replace, other ongoing police, safety and patrol efforts within the District. The Safe Team Program will maintain communication with the appropriate City and County agencies and departments to address District problems. The Safe Team Program will only provide its services to assessed properties within the District boundaries. The special benefit to assessed parcels from these services is an increased likelihood of improved lease rates and tenant occupancy because of an increase in commercial activity and an increase in customers. These services are a special benefit to individually assessed parcels because graffiti and illegal activities deter customers from visiting the district.

Clean Program-

In order to consistently address increasing sidewalk cleaning issues, the Downtown Industrial District Business Improvement District Cleaning Program will continue the work that began

in 2000. The clean team will only provide service to assessed parcels within District boundaries. The special benefit to assessed parcels from these services is an increased likelihood of improved lease rates and tenant occupancy because of an increase in commercial activity, and decreased risk of threats to public health. A multi-dimensional approach has been developed consisting of the following elements.

Sidewalk Cleaning: Uniformed, radio-equipped personnel sweep litter, debris and refuse from sidewalks and gutters of the District. District personnel may pressure wash sidewalks to remove bodily fluids or other health-related risks.

Trash Collection: Collector truck personnel collect trash from sidewalk trash receptacles. Trash is bagged and receptacle liners replaced. More than two dozen new and additional receptacles will be placed throughout the District in 2017. District trucks are often called to dispose of illegal dumping throughout the District.

Graffiti Removal: District personnel remove graffiti by painting, using solvent and pressure washing. The District maintains a zero tolerance graffiti policy. An effort is made to remove all tags within 24 hours on weekdays.

Tree Trimming: Street tree trimming is important to keep the District looking attractive.

Economic Development/Communication: \$221,758.31 (10.00%)

It is important to not only provide the services needed in the District, but to tell the story of improvement in the District. The special benefit to District-assessed parcels is a likelihood of increased lease rates and tenant occupancy due to the increased commercial activity and new customers attracted to the District by public communication on the District web site and newsletter. Another special benefit to assessed parcels from online communication services is an increased transparency of District programs available to parcel owners in the newsletter and on the web site. The special benefit to District assessed parcels from the economic development services is an increased likelihood of commercial activity and an increased likelihood of attracting new investment to the district, both of which directly relate to increases in lease rates and enhanced commerce. Some of the economic development/communication programs currently in place or being considered are:

- Image and Communication programs
- Newsletter
- Downtown Industrial District Business Improvement District Web Site
- Buyer Attraction Program
- Public and Media Relations
- Investment Attraction Programs
- Development of Downtown Industrial District Business Improvement District Image Pieces
- Market Research

Management/City Fees/Delinquent Assessments: \$388,078.02 (17.50%)

The improvements and activities are managed by a professional staff that requires centralized management support. Management staff oversees the District's services and actively works on behalf of the District parcels to insure that City and County services and policies support the District. Included in this item are the cost to conduct a yearly financial review, City fees to collect and process the assessments, a reserve for noncollectable assessments and depreciation. The special benefit from these services is an increased likelihood of improved lease rates and tenant occupancy because of an increase in commercial activity, an increase in customers and an increase in residential serving businesses due to the work of the management staff as stated above.

Total Estimate of Cost for 2017

A breakdown of the total estimated 2017 budget is attached to this report as **Appendix A.**

Method and Basis of Levying the Assessment

The Method and Basis for levying the 2017 assessment remains the same as listed in the Management District Plan. Annual assessments are based upon an allocation of program costs and a calculation of assessable Lot square footage for two (2) Benefit Zones with differing rates depending on type and frequency of special benefit services provided for properties in each zone. The Board voted a 2.5% CPI increase for 2017.

2017 assessment rates

Zone Lot Area rate

Zone 1 0.3578

Zone 2 0.1165

Non-Profit Parcels 0.0658

LA City Public Plaza 0.3204

(There is a 2.5% CPI increase for 2017)

Surplus Revenues: \$25,172.60

We do not budget for penalty and interest income as it can vary year to year. Our budget approach is conservative in general and during 2016 we received \$22,057.34 of non-budgeted revenue. Therefore we anticipate surplus revenues to be \$25,172.60

Anticipated Deficit Revenues

There are no deficit revenues that will be carried over to 2017.

Contribution from Sources other than assessments: \$41,025.32

General Benefit income

APPENDIX A- TOTAL ESTIMATED REVENUES/EXPENDITURES FOR THE Downtown Industrial District BID- FY 2017

	Zone 1	Zone 2	Non-Profit Parcels	Total	
2017 Assessments	\$1,634,911.58	\$458,425.99	\$58,047.63	\$2,151,385.20	
Estimated Carryover from 2016	\$19,129.52	\$5,363.87	\$679.21	\$25,172.60	
Other Income	\$31,176.54	\$8,741.84	\$1,106.94	\$41,025.32	
Total Estimated Revenues	\$0.00	\$0.00	\$0.00	\$2,217,583.12	
2017 Estimated Expenditures					Pct.
Clean and Safe	\$1,213,425.96	\$342,248.51	\$52,072.32	\$1,607,746.79	72.50%
Economic Development/Communication	\$172,971.90	\$48,786.41	\$0.00	\$221,758.31	10.00%
Management/City Fees/Delinquent Assessments	\$298,819.78	\$81,496.78	\$7,761.46	\$388,078.02	17.50%
Total Estimated Expenditures	\$1,685,217.64	\$472,531.70	\$59,833.78	\$2,217,583.12	100%

** Non-regular budget item, not calculated as part of budget percentage.