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MIRANDA PASTER
ACTING DIVISION HEAD

August 9, 2013

CF 13-0600-S25

Honorable City Council
c/o Office of the City Clerk
Room 395, City Hall
Los Angeles, California 90012

**RE: BUSINESS IMPROVEMENT DISTRICT PROGRAM TRANSFER AND
SUPPORT: POSITIONS NECESSARY TO STAFF THE BID PROGRAM
IN THE ECONOMIC AND WORKFORCE DEVELOPMENT DEPARTMENT**

Pursuant to Council's instruction (Council file 13-0600-S25,) the City Clerk provides this report, reviewed by the Interim General Manager of the Economic and Workforce Development Department (EWDD), relative to the transfer of positions and personnel for the Business Improvement District Program to the Economic and Workforce Development Department prior to the planned January 1, 2014 transfer date.

Currently, the Special Assessments Section of the Office of the City Clerk's Administrative Services Division is the coordinating agency responsible for the administration of the Business Improvement District (BID) Program. The Special Assessments Section (SAS) administers the Business Improvement District and the BID Trust Fund of the City through the collection and processing of assessments amounting to more than \$45 million annually. With the recent decision by the State to remove the Community Redevelopment Agency and enterprise zones, the creation of business improvement districts is one of the last remaining economic development tools available to the City. The BID program generates \$45 million in assessments annually for services not provided for under standard property taxes or City services which are designed to increase commerce in specific business areas.

The BID Program oversees the City's 39 existing Business Improvement Districts; facilitates the establishment of proposed new districts; collects the assessments for the districts and handles oversight of BID Trust Fund No. 659. This Program is currently in the Administrative Services Division of the City Clerk's Office which is headed by a Chief Management Analyst position and populated by experienced and knowledgeable personnel in the Office of the City Clerk. We believe the successful continuity of the administration of the Program for the Special Assessments Section depends on having the positions necessary for its operation.

The fiscal year 2013-14 budget provides for the transfer of eleven positions which manage the Business Improvement District Program, to the Economic and Workforce Development Department. However, the transfer of the eleven positions is not adequate to ensure appropriate and relevant staffing levels in the new Economic and Workforce Development Department. This report submits the following requests for position reallocation and upgrade and allocation of three additional positions to be supported from the BID Trust Fund, for a total of 14 BID positions to “hit the ground running” when the BID Program starts up as an EWDD function in January 2014.

POSITION REQUIREMENTS

Position requirements for the Business Improvement District Program include the reallocation of one Senior Management Analyst II to a Chief Management Analyst (Director of BIDs), the upgrade of one Senior Management Analyst I to a Senior Management Analyst II, and the addition of one Management Analyst II, one Accounting Clerk II, and one Senior Clerk Typist.

Director of BIDs

A new position of Director of BIDs at the Chief Management Analyst level is recommended to provide management accountability, legal interpretation and guidance, and institutional and legislative knowledge for the Program, as well as accounting overview of BID Trust Fund No. 659. In addition to providing outreach assistance to the public and BID proponents and acting as a liaison with other City departments, this position is responsible for directing the subordinate supervisors in the functions of review of the administrative and legal requirements for each Business Improvement District, and functions of the Revenue Collection and Customer Service unit; the Technical Research Unit and preparing the budget for the Special Assessments Section. Collectively, the units are responsible to ensure the data for the assessments are reviewed for accuracy, submitted to the County Assessor’s Office, invoiced through the Financial Management System and funds distributed in an accurate manner to the individuals fund accounts of the 39 Business Improvement Districts. Currently, the person implementing these responsibilities is the Acting Division Chief of the City Clerk’s Administrative Services Division. Reallocating the Senior Management Analyst II position to a Chief Management Analyst will maintain the classification of oversight for the Special Assessments Section. In order to maintain the continuity of leadership and knowledge, it is recommended that the person occupying that position be appointed as Director of BIDs. This would be in conformance with the Council’s direction on CF 13-0600 Motion 15.

Senior Management Analyst II

Appropriate secondary oversight is necessary to maintain the continuity of operations and respond to the increasing number of Business Improvement Districts through the supervisory level required of a Senior Management Analyst II position. The incumbent is a Senior Management Analyst I acting as a Senior Management Analyst II. The report includes the request to upgrade this position to a Senior Management Analyst II. The position will direct several functions through the supervision of professional and technical staff.

Line Staff

An additional Management Analyst II position is required to adequately review and monitor the 39 Business Improvement Districts. In the past, three Management Analysts were assigned to the BID Unit, however the Early Retirement Incentive Program (ERIP) and other budget deletions reduced the number of Management Analysts in the Department. Therefore only two Management Analyst positions, which have incumbents assigned to the BID Unit, are targeted for transfer. We do not believe this provides adequate coverage to conduct field visits, review BID operations, adequately review all the reports and requests submitted to the Special Assessments Section, as well ensure adequate contract compliance of each nonprofit responsible for implementing the programs as outlined in each District's management district plan. These Management Analyst II positions are the professional BID Analysts assigned to overview the 39 Business Improvement Districts. They are required to provide thorough and detailed analytical skills in reviewing the legalities of the Management District Plans and Engineer's Reports, Zoning specifications, contracts and other policies and legal requirements for establishment, overview and maintenance of the nonprofits responsible for implementing the programs and services of the 39 Business Improvement Districts. We are requesting addition of a third Management Analyst II position to ensure all of their responsibilities are completed for the success and continuity of the entire program.

Administrative Staff

Currently, two Accounting Clerk II positions facilitate the process of accounting documents in the FMS system for the 39 Business Improvement Districts. There is a substantial workload for the two existing Accounting Clerks. Due to one of the Accounting Clerks also processing AB1290 payments and Chief Legislative Analyst-generated workload, only one is included in the plan for transfer. We are requesting an Accounting Clerk II position in the Economic and Workforce Development Department due to the substantial accounting workload involved with BIDs. Finally, the billing unit is comprised of one Principal Clerk and two Senior Clerk Typist positions to ensure accurate data input and retrieval for the invoicing of the assessments of more than 18,000 parcels and businesses. With the increase of billings for Property-Based BIDs, this unit has exceeded its efficiency level and must be supported by an additional Senior Clerk Typist. The Senior Clerk Typist duties include stakeholder billing, monitoring and updating of account information, duplication and distribution of time sensitive legal documents, responding to numerous inquiries from the public regarding the Business Improvement Districts and the services they provide, resulting in more than \$45 million in assessment revenues. Not approving the additional Accounting Clerk II and Senior Clerk Typist positions will negatively affect the ability to invoice the Business Improvement Districts in an accurate and timely manner, resulting in the delay and quality of services provided by the BIDs in their respective geographic areas for the assessed parcels/stakeholders.

The funding required to make the BID staffing whole is \$258,126. The City Clerk requests approval to allocate the \$258,126 from the BID Trust Fund No. 659 balance to support these positions. All these positions in the Special Assessments Section provide direct administrative support to the Citywide Business Improvement District program.

Please note the summary of positions proposed for transfer and the list of positions required.

Positions Transferring to EWDD

1 Senior Management Analyst II
1 Senior Management Analyst I
2 Management Analyst II
1 Field Engineering Aide
2 Office Engineering Technician II
1 Principal Clerk
2 Senior Clerk Typist
1 Accounting Clerk II

Final Positions Required

1 Chief Management Analyst
1 Senior Management Analyst II
3 Management Analyst II
1 Field Engineering Aide
2 Office Engineering Technician II
1 Principal Clerk
3 Senior Clerk Typist
2 Accounting Clerk II

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Note: The Los Angeles BID Consortium is requesting one permanent Ombudsman in the Mayor's Office as a liaison between City departments and bureaus to facilitate efficient access to City services, obtaining permits and other needs that will aide commerce and remove impediments incurred by the BIDs in execution of their programs and activities.

SKILLS AND EXPERIENCE OF THE SPECIAL ASSESSMENTS SECTION

The Special Assessments Section assumes the role of coordinating agency of the Business Improvement District Program. The Special Assessment Section staff support this program by answering questions from the public, stakeholders (business and property owners) and BID Directors; attending and meeting with community groups interested in forming BIDs to assist them in the formation process; preparing documents for RFQs and RFPs of BID consultants and auditors; coordinating with Council Offices to ensure support for the proposed BIDs; visiting proposed and current BID areas; reviewing Management District Plans and Engineer's Reports in meetings with consultants to promoting efficiency in facilitating the establishment of proposed BIDs according to State law, City Law and BID policy; preparing reports and Ordinances for the consideration of Council Committees and Council; preparing contractual agreements between the City and the respective non-profit corporations that administer the BID programs and activities; preparing invoices for the stakeholders for the collection and distribution of the assessment funds; monitoring BIDs by reviewing the Management District Plans and Annual Reports for compliance; monitoring the BID Trust Fund; working with the City Attorney to monitor cases relative to BIDs in the State and the impacts of those cases on BIDs in the City of LA; providing Best Practices Workshops for the BIDs and other training sessions for BID Boards (including Brown Act); ensuring compliance with the City's fiduciary responsibility by receiving and reviewing the property data for submission to the County; and invoicing, collecting and disbursing assessments, as well as investigating concerns regarding the BIDs, billing and other BID relating matters. The SAS section also attends LA BID Consortium

meetings to provide updates on items affecting the BIDs, City's budget, law changes, lawsuits, policy changes and receives information relative to items affecting BIDs and prepares the minutes for the BIDs before the next meeting.

The incumbent who is to be allocated to the new position of Director of BIDs attends Council and committee meetings for BID items on the agenda; monitors the number of protests to ensure compliance with acceptable formation limitations, answers questions at Council and Council Committee meetings; and prepares and mails out notices for BID formation hearings, as well as conducts the State-required Proposition 218 ballot proceedings.

In addition, the City Clerk-Systems Division created and supports BID module software for entry of data by BIDs; supports upload of data to the Controller's Financial Management System (FMS) for billing, as well as supports hardware and other software needs of the SAS unit. The Director of Business Improvement Districts works in a liaison capacity between the BIDs and City Attorney's Office in various legal matters affecting BIDs. The Special Assessments Section will require additional administrative, accounting support and data support from the Economic and Workforce Development Department and the Information Technology Division for its smooth transition.

NEGATIVE IMPACT OF NOT ADEQUATELY STAFFING THE BID PROGRAM

If the BID Program is not adequately staffed with at least the 14 stated positions, it will not have staffing levels with the requisite specialized knowledge, experience and skill set for the multi-faceted facilitation and project coordination of BID formation, administration and monitoring, not to mention the hoped-for expansion of the BIDs in its new economic development home which triggered the transfer of the Program in the first place. The results would be marked inefficiency and slowdown of work flow. The City's credibility regarding its commitment to Business Improvement Districts could be negatively affected by its inability to sustain high levels of required service delivery to BID staff, stakeholders, proposed BIDs and consultants. Pursuant to State law, BID assessments can be collected at the same time as the *ad valorem* property tax. The two Office Engineering Technician II positions (a third position was eliminated in the Clerk's 2013-14 budget, and should be restored in the EWDD in future budget years) are responsible to verify the data submitted by the BIDs for the County property tax rolls. If the City data fails the County's audit, the City may be denied the ability to place \$33 million in assessments on the County's property tax roll. The City's assessment collection rate is far less successful than the County's rate. Without adequate staffing to review the data submitted by the BIDs, the County could reject our submission of this assessment data. County rejection of BID data for assessment billing will relegate the City to internal invoice processing as well as needing to hire additional positions to handle the billing for the 39 BIDs. The County has about a 99% collection rate compared to the City's 65% to 85% collection rate. Without the assessments, the BIDs cannot continue to do all of their planned security, cleaning, marketing, and landscape activities in their respective geographic areas nor can they accurately plan their services which foster economic development within the City.

THE LOS ANGELES BID CONSORTIUM

The LA BID Consortium is a formal group of representatives from the 39 Business Improvement Districts through which the City contracts with their nonprofit corporations to implement the programs and services prescribed by their management district plans. This group meets on a monthly basis to relay best practices, discuss impending legislation and other items which affect business improvement districts. The group meets throughout the City at various locations in addition to City Hall.

The LA BID Consortium recommends approval of the recommendations in this report, and further requests the full support of the City Council in approving the positions required for optimum efficiency of the program.

CONTINUING TRANSITION ACTIVITIES WITH THE ECONOMIC AND WORKFORCE DEVELOPMENT DEPARTMENT

The City Clerk's Office and the Economic and Workforce Development Department have met and will continue to meet systematically in order to effectuate the smooth transfer of the Special Assessments Section and its employees to the new Department. This report and its recommendations were reviewed by the Interim General Manager of the Economic and Workforce Development Department who has indicated no objection.

RECOMMENDATIONS FOR COUNCIL ACTION

1. FIND that the City's support of the Business Improvement District Program warrants adequate positions to support the 39 existing Business Improvement Districts which generate more than \$45 million in assessments each year and to facilitate the creation of new Business Improvement Districts throughout the City.
2. REALLOCATE/ALLOCATE the following positions, and REQUEST the City Administrative Officer and the Personnel Department to assist in implementing these reallocations/allocations:

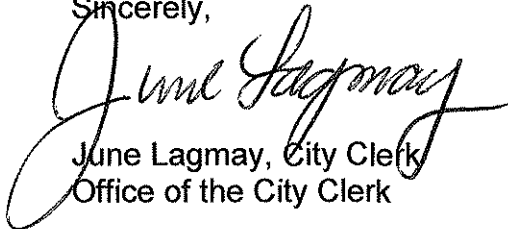
Reallocate the Senior Management Analyst II position to Director of Business Improvement Districts at the level of Chief Management Analyst and transfer the Senior Management Analyst II who is Acting Chief of the City Clerk's Administrative Services Division into this position in line with the instruction of CF 13-0600 Motion 15; and reallocate one Senior Management Analyst I to a Senior Management Analyst II and transfer the current Senior Management Analyst I into the new position;

Allocate the new positions of one additional Management Analyst II, one additional Accounting Clerk II, and one additional Senior Clerk Typist.

3. Create a separate Division within the new Economic and Workforce Development Department for the administration of the Business Improvement District Program, and staff said Division with the 14 aforementioned positions.

4. REQUEST the Economic and Workforce Development Department to augment the BID Program with additional support from its administrative and systems staff, as necessary.
5. REQUEST the Department of General Services and Information Technology Agency to assist with the transfer of the positions, equipment and information systems as necessary to support the move.
6. AUTHORIZE the City Clerk to make technical corrections as necessary to effectuate the intent of this report.
7. DIRECT the City Clerk and the Interim General Manager of the Economic and Workforce Development Department to continue to work together to effect the smooth transfer of the BID Program to the EWDD.

Sincerely,



June Lagmay, City Clerk
Office of the City Clerk

Attachments

Business Improvement Districts: Special Assessment Section
SALARIES GENERAL

Attachment

Current Positions		Proposed Positions for EWDD		Increase in Salaries
No of Employees	Reclass From:	No of Employees	Request to Reclass To:	
1	Senior Management Analyst II	1	Chief Management Analyst	\$ \$ 18,009
1	Senior Management Analyst I	1	Senior Management Analyst II	<u>24,585</u>
				42,594
			Request for New Positions	
		1	Management Analyst II	86,471
		1	Accounting Clerk II	66,087
		1	Senior Clerk Typist	<u>62,974</u>
			Total increase in Salaries	<u>\$ 258,126</u>

13-0600-S25

ADOPTED BUDGET RECOMMENDATION

INSTRUCT the City Clerk to report to the Personnel and Animal Welfare Committee and the Budget and Finance Committee regarding the Business Improvement District transfer and support, prior to the January 1, 2014 transfer date.

(Pursuant to adoption of the Mayor's 2013-14 Budget on May 23, 2013)

B13F
029-RM

MOTION NUMBER 15

ADOPTED _____

NOT ADOPTED _____

MOTION

I MOVE that the Budget and Finance Committee report on the Mayor's Proposed Budget for 2013-14 be amended to transfer regular authority for one Senior Management Analyst II from the City Clerk to the Economic Development Department on January 1, 2014, to serve as the Business Improvement District Director to be funded from the Business Improvement District Trust Fund, and add Resolution Authority, without funding for one Senior Management Analyst II in the City Clerk effective January 1, 2014.

TOTAL CHANGE \$ -0-

Change such other affected totals, subtotals, summaries, scheduled or supporting data as are necessary to conform to modifications hereinabove made.

PRESENTED BY: *Herb I. Wesson, Jr.*
HERB I. WESSON, JR.
Councilmember, 10th District

SECONDED BY: *[Signature]*

ADOPTED

MAY 23 2013

LOS ANGELES CITY COUNCIL