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CITY CLERK

SHANNON D. HOPPES
EXECUTIVE OFFICER

City of Los Angeles

CALIFORNIA



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December 2, 2016
Honorable Members of the City Council
City Hall, Room 395
200 North Spring Street
Los Angeles, California 90012

Council Districts 14

REGARDING:

THE FASHION 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 Fashion District Business Improvement District's ("District") 2017 fiscal year (CF 13-0641). The owners' association of the District has caused to be prepared the Annual Planning Report for City Council's consideration. In accordance with Section 36600 et seq. of the California Streets and Highways Code ("State Law"), an Annual Planning Report for the District must be submitted for approval by the City Council. The Fashion 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 Fashion District Business Improvement District was established on July 24, 2013 by and through the City Council's adoption of Ordinance No. 182651 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 any 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 November 17, 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 Fashion District Business Improvement District's 2017 fiscal year complies with the requirements of the State Law
2. FIND that the increase in the 2017 budget concurs with the intentions of the Fashion District Business Improvement District's Management District Plan and does not adversely impact the benefits received by assessed property owners.
3. ADOPT the attached Annual Planning Report for the Fashion District Business Improvement District's 2017 fiscal year, pursuant to the State Law.

Sincerely,



Shannon D. Hoppes
Executive Officer

Attachment:

Fashion District Business Improvement District's 2017 Fiscal Year Annual Planning Report

December 5, 2016

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

Subject: Fashion 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 Fashion District Business Improvement District has caused this Fashion District Business Improvement District Annual Planning Report to be prepared at its meeting on November 17, 2016.

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

Sincerely,

Rena Leddy

Rena Leddy
Executive Director
Downtown Property Owners Association

Fashion District
Business Improvement District

2017 Annual Planning Report

District Name

This report is for the Fashion District Business Improvement District (District). The District is operated by Downtown Los Angeles Property Owners Association, Inc., 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 November 17, 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 (Zones 1-9): \$3,016,169.63 (66.00%)

Clean Program

The following summarized services are planned to be provided: sidewalk and gutter litter sweeping, trash pickup and removal from the district, sidewalk cleaning, graffiti and handbill removal, landscape service.

Safe Program

The following summarized services are planned to be provided: day-time patrolling bicycle personnel and nighttime vehicle patrol, welfare checks, location checks, citizen assists, plus others. The purpose of the Safe Program is to deter and report illegal activities taking place on the streets, sidewalks, storefronts, parking lots and alleys. The presence of the Safe Team personnel is intended to deter such illegal activities as public urination, indecent exposure, trespassing, drinking in public, prostitution, illegal panhandling, illegal vending, and illegal dumping. The Program will supplement, not replace, other ongoing police patrol efforts within the District. The Safe Team will maintain communication with the Los Angeles Police Department (LAPD) area patrols and intends to report illegal activities to the LAPD.

Communication (Zones 1-9): \$374,750.00 (08.20%)

The following summarized services are planned to be provided: business survey to update

website directory, pedestrian count, consumer data and market strategy, economic development, space activation, destination marketing, public and media relations, district stakeholder communications, weekly e-newsletter, quarterly newsletter, website, holiday campaign, social media outreach.

Management/City Fees (Zones 1-9): \$487,795.00 (10.67%)

Management

The improvements and activities of the District are managed by a professional staff that requires centralized management support. Management staff oversees the District's services which are delivered seven days a week. Management staff 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 audit and insurance.

City Fees

The City of Los Angeles charges the District 1% of the annual billed assessments to collect and process the assessments.

Delinquent Assessments

The District establishes a reserve for delinquent assessments based on prior collection experience.

Depreciation

The cost of capital equipment is depreciated over the estimated useful lives of the equipment. These funds accumulate into an equipment replacement reserve.

BID Renewal

The BID Renewal process will be started in 2017.

North Alley Overlay (Zone 1A): \$341,882.68 (07.48%)

In addition to the clean, safe and communication services provided to each individually assessed parcel, the Santee Alley property owners defined as Overlay Zone 1A are provided additional clean, safe and communication services paid through an additional assessment in that zone. Santee Alley is unique from other areas in the district because it has the highest pedestrian volumes in the district and requires more services. Parcels that are within Overlay 1A are also in Zone One and will pay both the Zone One and the Zone 1A assessments.

South Alley Overlay (Zone 1B): \$349,698.04 (07.65%)

In addition to the clean, safe and communication services provided to each individually assessed parcel, the Santee Alley property owners defined as Overlay Zone 1B are provided additional clean, safe and communication services paid through an additional assessment in that zone. Santee Alley is unique from other areas in the district because it has the highest pedestrian volumes in the district and requires more services. Parcels that are within Overlay

1B are also in Zone One and will pay both the Zone One and the Zone 1B assessments.

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 basis of levying the proposed Fashion District BID's 2017 assessment is unchanged from 2016 and is based on nine (9) benefit zones with two (2) overlay subzones each with differing rates depending type and frequency of special benefit services provided in that zone. Assessments are composed of street front footage, lot square footage, building square footage, plus Alley front footage in the two subzones of Zone 1: Santee North Alley Zone 1A and Santee South Alley Zone 1B. The Management District Plan allows for a maximum annual assessment increase of 4% for all areas except the Santee Alley sub-zones which allows for a maximum annual assessment increase of 8%. The Board voted for an increase to the maximum 4% for Zones 1-9 for 2017, a 3% increase for Santee North Alley Zone 1A and an 8% increase for Santee South Alley Zone 1B for 2017.

Fashion District 2017 Assessment Rates:

	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8	Zone 9
Front Linear Footage	\$5.0325	\$4.1068	\$2.7455	\$8.0733	\$2.4243	\$1.2296	\$1.0556	\$4.6514	\$6.2158
Lot Square Footage	\$0.2347	\$0.1908	\$0.1093	\$0.3661	\$0.0944	\$0.0560	\$0.0420	\$0.1884	\$0.2622
Building Square Footage	\$0.0236	\$0.0177	\$0.0326	\$0.0048	\$0.0136	\$0.0375	\$0.0685	\$0.0322	\$0.0404
North Alley Overlay (Zone 1A)*	\$308.7384								
South Alley Overlay (Zone 1B)*	\$258.4643								

* Based on Alley Front Linear Footage

(There is a 4% CPI increase for 2017)

Surplus Revenues: \$508,288.00

Over the years the BID has generally spent less than budgeted in order to reserve funds needed to cover non-paying assessments, capital equipment replacement and BID Renewal. The surplus revenues are allocated as follows: (Zones 1-9 \$416,326)(North Alley Overlay Zone 1A \$56,104)(South Alley Overlay Zone 1B \$35,858)

Anticipated Deficit Revenues

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

Contribution from Sources other than assessments: \$176,142.00

The District projects to collection the following contributions from Other Sources:

Interest and Penalties from County and City \$10,000

Interest Income (Investments) 6,000

Service Revenue (Broadway St. Plazas) 39,851

Merchants Trash Pick-Up Revenue 10,000

Other Revenue (Sponsorships / Website Advertising / Other) 16,300

Grants (DWP) 5,000

General Benefit Funds (Zones 1-9) 75,479

General Benefit Funds (N Alley Overlay Zone 1A) 6,978

General Benefit Funds (S Alley Overlay Zone 1B) 6,534

Total 176,142

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

	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8	Zone 9	Total	
2017 Assessments	\$1,130,566.89	\$1,385,898.62	\$445,467.42	\$84,143.85	\$60,385.58	\$60,385.58	\$17,818.70	\$338,225.26	\$362,973.45	\$3,885,865.35	
Estimated Carryover from 2016	\$160,655.79	\$174,856.91	\$56,204.01	\$10,616.31	\$7,618.77	\$7,618.77	\$2,248.16	\$42,673.42	\$45,795.86	\$508,288.00	
Other Income	\$40,345.95	\$68,304.59	\$21,955.05	\$4,147.07	\$2,976.13	\$2,976.13	\$878.20	\$16,669.58	\$17,889.30	\$176,142.00	
Total Estimated Revenues	\$1,331,568.63	\$1,629,060.12	\$523,626.48	\$98,907.23	\$70,980.48	\$70,980.48	\$20,945.06	\$397,568.26	\$426,658.61	\$4,570,295.35	
2017 Estimated Expenditures											Pct.
Clean and Safe (Zones 1-9)	\$497,667.98	\$1,266,791.25	\$407,182.90	\$76,912.33	\$55,195.90	\$55,195.90	\$16,287.32	\$309,157.39	\$331,778.66	\$3,016,169.63	66.00%
Communication (Zones 1-9)	\$61,833.75	\$157,394.98	\$50,591.25	\$9,556.13	\$6,857.93	\$6,857.93	\$2,023.65	\$38,411.88	\$41,222.50	\$374,750.00	08.20%
Management/City Fees (Zones 1-9)	\$80,486.18	\$204,873.89	\$65,852.33	\$12,438.77	\$8,926.65	\$8,926.65	\$2,634.09	\$49,998.99	\$53,657.45	\$487,795.00	10.67%
North Alley Overlay (Zone 1A)	\$341,882.68	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$341,882.68	07.48%
South Alley Overlay (Zone 1B)	\$349,698.04	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$349,698.04	07.65%
Total Estimated Expenditures	\$1,331,568.63	\$1,629,060.12	\$523,626.48	\$98,907.23	\$70,980.48	\$70,980.48	\$20,945.06	\$397,568.26	\$426,658.61	\$4,570,295.35	100%