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CITY CLERK

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February 13, 2015

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

Council District 14

REGARDING: THE FASHION DISTRICT (PROPERTY-BASED) BUSINESS
IMPROVEMENT DISTRICT'S 2015 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") 2015 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 2015 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 City 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 the 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 20, 2014, 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

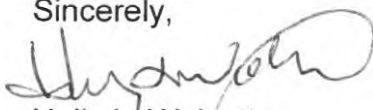
There is no impact to the General Fund associated with this action.

RECOMMENDATIONS

THAT THE CITY COUNCIL:

1. FIND that the attached Annual Planning Report for the Fashion District Business Improvement District's 2015 fiscal year complies with the requirements of the State Law.
2. ADOPT the attached Annual Planning Report for the Fashion District Business Improvement District's 2015 fiscal year, pursuant to the State Law.

Sincerely,



Holly L. Wolcott
City Clerk

HLW:GRA:MCP:RMH:rks

Attachment: Fashion District Business Improvement District's 2015 Fiscal Year Annual Planning Report



110 East 9th Street Suite A-1175 Los Angeles California 90079
 tel: 213.488.1153 fax: 213.488.5159 info@fashiondistrict.org www.fashiondistrict.org

Attachment 1

November 20, 2014

RECEIVED

NOV 25 2014

NBID

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

Subject: Fashion District PBID 2015 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 of November 20, 2014

This report covers proposed activities of the Fashion District BID from January 1, 2015 through December 31, 2015.

Sincerely,

Jorge Flores
 Board Chair
 Fashion District Business Improvement District



Fashion District Business Improvement District

2015 Annual Planning Report

November 20, 2014

2015 Annual Planning Report

District Name

This report is for the Fashion District Business Improvement District (the District). The District is operated by the Downtown Los Angeles Property Owners Association, a private non-profit organization.

Fiscal Year of Report

This report applies to the 2015 Fiscal year (the 2nd year of the current BID duration period). The District's Board of Directors reviewed and approved the 2015 Annual Planning Report at the November 20, 2014 Board of Director's meeting.

Boundaries

There are no changes to the District boundaries for 2015.

Benefit Zones

The District has nine (9) benefit zones and two sub-zones or overlay zones. For 2015 there will be no changes to the District's benefit zones.

2015 Improvements, Activities and Services

Clean and Safe: \$2,921,500 (66.9%)

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 and tree trimming.

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: \$366,641 (8.4%)

Communication and Special Projects Programs

The following summarized services are planned to be provided: destination marketing, economic development, public and media relations, district stakeholder communications, weekly e-newsletter, quarterly newsletter, website, holiday campaign, social media outreach.

Management/City Fees and Delinquent Assessments: \$451,890 (10.3%)

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.

Santee Alley Overlays: \$628,434 (14.4%)

North Alley Overlay

In addition to the clean, safe and communication services provided to each individually assessed parcel the Santee Alley property owners defined as Overlay 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. The budget for Overlay 1A is \$310,403. Parcels that are within Overlay1A are also in Zone One and will pay both the Zone One and the Zone 1A assessments.

South Alley Overlay

In addition to the clean, safe and communication services provided to each individually assessed parcel the Santee Alley property owners defined as Overlay 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. The budget for Overlay 1B is \$318,031. 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 2015

A breakdown of the total estimated 2015 budget is attached to this report as **Appendix A**.

Method and Basis of Levying the Assessments

The basis of levying the proposed Fashion District BID's 2015 assessments is unchanged from 2014 and is based on nine (9) zones of benefit with differing rates depending on the type and frequency of special benefit services provided in that zone. Assessments variables are composed of street front footage, lot square footage, building square footage, plus Alley front footage in the two subzones of Zone1: 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 of Directors voted for no increase for 2015. The North and South Santee Alley Overlays property owners voted to reduce their 2015 overlay assessments by \$50,000 for each overlay.

Fashion District 2015 Assessment Rates:									
	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8	Zone 9
Front Linear Footage	\$4.653	\$3.797	\$2.538	\$7.464	\$2.241	\$1.137	\$0.976	\$4.300	\$5.747
Lot Square Footage	\$0.217	\$0.176	\$0.101	\$0.339	\$0.087	\$0.052	\$0.039	\$0.174	\$0.242
Building Square Footage	\$0.022	\$0.016	\$0.030	\$0.004	\$0.013	\$0.035	\$0.063	\$0.030	\$0.037
North Alley Overlay (Zone 1A)*	\$256.237								
South Alley Overlay (Zone 1B)*	\$179.534								

* Based on Alley Front Linear Footage

The Fashion District's 2015 total assessment is \$3,489,072.96.

Surplus Revenues

At the end of 2014, the District will have an estimated \$596,836 of surplus revenue that will be rolled over into the 2015 budget. The District Board of Directors authorized the rollover at the November 20th, 2014 Board of Director's meeting. At the end of 2014, the Santee Alley Overlays will have an estimated \$73,422 (North Alley) and \$99,399 (South Alley) of surplus revenue that will be rolled over into the 2015 budget. The Santee Alley Overlays property owners authorized the rollovers at their October 21th, 2014 meeting.

Anticipated Deficit Revenues

There are no deficit revenues that will be carried over to 2015.

Contributions from Sources other than assessments:

For 2015 the District projects to collect the following.

Other Revenues:	
Interest & Penalties from County & City	5,000
Interest Income from Investments	6,000
Merchants Trash Pick-Up Revenue	9,000
Other Revenue	300
Grants	5,000
Total	25,300

Allocation of "Non-Assessment" Unspent Funds*	84,435
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(*) Billed assessments were reduced \$84,435 or 2.42% for the estimated General Benefit Component within the Service Programs

Fashion District BID - Total Estimated Cost for FY 2015
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REVENUES

2015 BID Assessments (excl. Overlays)	\$ 3,044,225	
2015 North Alley Overlay Assessments	231,382	
2015 South Alley Overlay Assessments	213,466	
2015 Contributions from Other Sources	25,300	
Allocation of "Non-Assessment" Unspent Funds	84,435	
Allocation of Unspent Carry-over Funds (BID)	596,836	
Allocation of Unspent Carry-over Funds (N. Alley)	73,422	
Allocation of Unspent Carry-over Funds (S. Alley)	99,399	
Total Revenues	\$ 4,368,465	

EXPENSES

Estimated Expense Categories	% of 2015 Budget	2015 Budget	Budget per 5-year Mgt Dist Plan	% of Mgt Dist Plan Budget
<u>Clean & Safe</u>				
Clean Programs	38%	\$ 1,659,000		
Safe Programs	29%	1,262,500		
Sub-Total	66.9%	2,921,500	\$ 2,398,062	62%
<u>Communication</u>				
Communication	4%	190,430		
Special Projects	4%	176,211		
Sub-Total	8.4%	366,641	\$ 379,205	10%
<u>Management / City Fees / Del. Asmnts</u>				
Management	6%	246,870		
City Fees	1%	31,120		
Depreciation	2%	106,600		
Delinquent Assessments	2%	67,300		
Sub-Total	10.3%	451,890	466,440	12%
<u>Santee Alleys</u>				
North Alley Overlay	7%	310,403		
South Alley Overlay	7%	318,031		
Sub-Total	14.4%	628,434	603,029	16%
Total Expenses	100%	\$ 4,368,465	\$ 3,846,736	100%