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January 24, 2018

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 2018 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") 2018 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 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 Fashion District Business Improvement District's Annual Planning Report for the 2018 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 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 November 16, 2017, 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

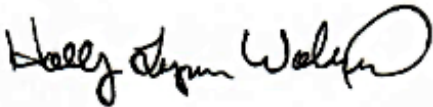
There is no impact to the General Fund associated with this action.

RECOMMENDATIONS

That the City Council:

1. FIND that the attached Annual Planning Report for the Fashion District Business Improvement District's 2018 fiscal year complies with the requirements of the State Law
2. FIND that the increase in the 2018 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 2018 fiscal year, pursuant to the State Law.

Sincerely,



Holly L. Wolcott

City Clerk

Attachment:

Fashion District Business Improvement District's 2018 Fiscal Year Annual Planning Report

January 23, 2018

Holly L. Wolcott, City Clerk
Office of the City Clerk
200 North Spring Street, Room 395
Los Angeles, CA. 90012

Subject: Fashion District PBID 2018 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 16, 2017.

This report covers proposed activities of the Fashion District BID from January 1, 2018 through December 31, 2018.

Sincerely,

Rena Leddy

Rena Leddy
Executive Director
Downtown Property Owners Association

Fashion District
Business Improvement District

2018 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 2018 Fiscal Year. The District Board of Directors approved the 2018 Annual Planning Report at the November 16, 2017 Board of Director's meeting.

Boundaries

There are no changes to the District boundaries for 2018.

Benefit Zones

There are no changes to the District's benefit zone(s) for 2018.

2018 IMPROVEMENTS, ACTIVITIES AND SERVICES

Clean and Safe (Zones 1-9): \$3,323,601.63 (66.32%)

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 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.

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For 2018 tree trimming is planned.

Communication (Zones 1-9): \$539,766.00 (10.77%)

The following summarized services are planned to be provided for 2018: Marketing, public relations and economic development including rebranding, marketing strategy, website revamp, events & programming, social media, and stakeholder communications.

Management/City Fees (Zones 1-9): \$475,046.00 (9.48%)

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 0.5% of the annual billed assessments for 2018 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 completed in 2018.

North Alley Overlay (Zone 1A): \$330,086.68 (6.59%)

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): \$343,108.02 (6.85%)

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 2018

A breakdown of the total estimated 2018 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 2018 assessment is unchanged from 2017 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 2018, a 8% increase for Santee North Alley Zone 1A and an 2% increase for Santee South Alley Zone 1B for 2018.

Fashion District 2018 Assessment Rates:

	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8	Zone 9
Front Linear Footage	\$5.2338	\$4.2710	\$2.8553	\$8.3962	\$2.5212	\$1.2788	\$1.0978	\$4.8375	\$6.4644
Lot Square Footage	\$0.2441	\$0.1985	\$0.1137	\$0.3808	\$0.0982	\$0.0582	\$0.0437	\$0.1959	\$0.2727
Building Square Footage	\$0.0245	\$0.0184	\$0.0339	\$0.0050	\$0.0141	\$0.0390	\$0.0713	\$0.03335	\$0.0421
North Alley Overlay (Zone 1A)*	\$333.4375								
South Alley Overlay (Zone 1B)*	\$263.6336								

* Based on Alley Front Linear Footage

(There is a 4.0% CPI increase for 2018)

Surplus Revenues: \$753,504.00

The BID is projecting to use up the majority of its surplus revenues by the end of 2018, the last year of the current BID period.

The budgeted surplus revenue to be applied to the 2018 year is larger than other years due to these main reasons. 1) Several expenses that do not occur every year will take place in 2018 (Tree Trimming \$90k / Banners \$48k / Branding Project \$42k / Website Revamp \$35k / BID Renewal \$50k). 2) A new \$65k staff position will be added using accumulated savings from

being short 1 staff position over the past 1.5 years. However, the 2018 budgeted expenditures remain in accordance with the Management Plan.

The budgeted surplus revenues are allocated as follows: (Zones 1-9 \$708,378), (North Alley Overlay Zone 1A \$22,004), (South Alley Overlay Zone 1B \$23,122).

Anticipated Deficit Revenues

There are no deficit revenues that will be carried over to 2018.

Contribution from Sources other than assessments: \$195,291.00

Interest and Penalties from County and City \$5,000
Interest Income (Investments) \$5,000
Service Revenue (Broadway St. Plazas) \$51,000
Merchants Trash Pick-Up Revenue \$10,000
Other Revenue (Sponsorships / Website Advertising / Other) \$30,300
Grants \$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 \$195,291

APPENDIX A- TOTAL ESTIMATED REVENUES/EXPENDITURES FOR THE Fashion District BID- FY 2018

	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8	Zone 9	Total	
2018 Assessments	\$1,183,519.04	\$1,448,267.78	\$465,514.65	\$87,930.54	\$63,103.10	\$63,103.10	\$18,620.59	\$353,446.30	\$379,308.23	\$4,062,813.33	
Estimated Carryover from 2017	\$162,008.37	\$297,518.75	\$95,631.03	\$18,063.64	\$12,963.32	\$12,963.32	\$3,825.24	\$72,608.75	\$77,921.58	\$753,504.00	
Other Income	\$43,505.54	\$76,347.17	\$24,540.16	\$4,635.36	\$3,326.56	\$3,326.56	\$981.61	\$18,632.35	\$19,995.69	\$195,291.00	
Total Estimated Revenues	\$1,389,032.95	\$1,822,133.70	\$585,685.84	\$110,629.54	\$79,392.98	\$79,392.98	\$23,427.44	\$444,687.40	\$477,225.50	\$5,011,608.33	
2018 Estimated Expenditures											Pct.
Clean and Safe (Zones 1-9)	\$548,394.27	\$1,395,912.67	\$448,686.22	\$84,751.84	\$60,821.92	\$60,821.92	\$17,947.45	\$340,669.16	\$365,596.18	\$3,323,601.63	66.32%
Communication (Zones 1-9)	\$89,061.39	\$226,701.71	\$72,868.41	\$13,764.03	\$9,877.72	\$9,877.72	\$2,914.74	\$55,326.02	\$59,374.26	\$539,766.00	10.77%
Management/City Fees (Zones 1-9)	\$78,382.59	\$199,519.32	\$64,131.21	\$12,113.67	\$8,693.34	\$8,693.34	\$2,565.25	\$48,692.22	\$52,255.06	\$475,046.00	9.48%
North Alley Overlay (Zone 1A)	\$330,086.68	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$330,086.68	6.59%
South Alley Overlay (Zone 1B)	\$343,108.02	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$343,108.02	6.85%
Total Estimated Expenditures	\$1,389,032.95	\$1,822,133.70	\$585,685.84	\$110,629.54	\$79,392.98	\$79,392.98	\$23,427.44	\$444,687.40	\$477,225.50	\$5,011,608.33	100%

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