

HOLLY L. WOLCOTT  
CITY CLERK  
-----  
PETTY F. SANTOS  
EXECUTIVE OFFICER

**City of Los Angeles**  
CALIFORNIA



ERIC GARCETTI  
MAYOR

OFFICE OF THE  
CITY CLERK  
  
Neighborhood and  
Business  
Improvement District  
Division  
200 N. Spring Street,  
Room 395  
Los Angeles, CA. 90012  
(213) 978-1099  
FAX: (213) 978-1130  
-----  
PATRICE LATTIMORE  
DIVISION MANAGER

[clerk.lacity.org](http://clerk.lacity.org)

February 13, 2020

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 2020 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") 2020 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 2020 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 June 28, 2018 by and through the City Council's adoption of Ordinance No. 185643 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 21, 2019, 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

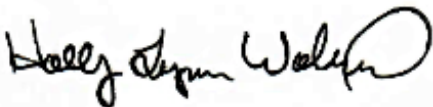
There is no impact to the General Fund associated with this action.

### RECOMMENDATIONS

That the City Council:

1. FIND that the attached Annual Planning Report for the Fashion District Business Improvement District's 2020 fiscal year complies with the requirements of the State Law
2. FIND that the increase in the 2020 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 2020 fiscal year, pursuant to the State Law.

Sincerely,



Holly L. Wolcott

City Clerk

Attachment:

Fashion District Business Improvement District's 2020 Fiscal Year Annual Planning Report

February 12, 2020

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

Subject: Fashion District PBID 2020 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 21, 2019.

This report covers proposed activities of the Fashion District BID from January 1, 2020 through December 31, 2020.

Sincerely,

*Rena Leddy*

Rena Leddy

Downtown Property Owners Association

Fashion District  
Business Improvement District

2020 Annual Planning Report

**District Name**

Fashion District

**Fiscal Year of Report**

The report applies to the 2020 Fiscal Year. The District Board of Directors approved the 2020 Annual Planning Report at the November 21, 2019 Board of Director's meeting.

**Boundaries**

There are no changes to the District boundaries for 2020.

**Benefit Zones**

There are no changes to the District's benefit zone(s) for 2020.

**2020 IMPROVEMENTS, ACTIVITIES AND SERVICES**

**Clean & Safe: \$4,821,118.44 (68.50%)**

Fashion District Enhanced Safe Programs:

- Bicycle Patrol
- Night Vehicle Patrol
- Foot Patrol

Fashion District Enhanced Clean Programs:

- Sidewalk Sweeping
- Sidewalk Pressure Washing
- Graffiti & Handbill Removal
- Trash Removal
- Landscape programs
- Tree Trimming

+++++++

The BID does tree trimming on an every 3rd year cycle. Next tree trimming is planned for 2021.

**Communication: \$759,893.00 (10.80%)**

Fashion District Communication Programs:

- Destination Marketing

- Economic Development
- Media Relations
- Advocacy
- District Stakeholder Communications

+++++++

Events and Programming

**Management/City Fees/Delq Assmts: \$683,952.00 (9.72%)**

Management staff expenses are allocated according to generally accepted accounting job costing procedures and are allocated to the specific areas in which staff works. The improvements and activities are managed by a professional staff that requires centralized administrative 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 ensure that City and County services and policies support the District. Included in this item are office expenses, professional services, organizational expenses such as insurance, the cost to conduct a yearly financial review, City fees to collect and process the assessments, and reserves for uncollectable assessments and depreciation.

**Santee Alley Overlay: \$772,909.00 (10.98%)**

In addition to the clean, safe and communication services provided to each individually assessed parcel, the Santee Alley property owners defined as Santee Alley Overlay 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 the Santee Alley Overlay pay the overall BID assessment in addition to the overlay assessment.

**Total Estimate of Cost for 2020**

A breakdown of the total estimated 2020 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 annual assessment is based on one (1) zone of benefit and one overlay area within that zone. Assessments are composed of street front footage, lot square footage and building square footage. There is a 2.5% CPI increase for 2020 and an 8% increase for the Santee Alley Overlay for 2020. The assessment rates for 2020 are:

frontage \$11.3758  
parcel area \$0.1151  
bldg area \$0.0781  
santee alley overlay \$361.1357

**(There is a 2.5% CPI increase for 2020)**

**Surplus Revenues: \$790,451.00**

The BID will end 2019 with total surplus revenues of \$790,451 of which \$234,056 was generated in 2019 and \$556,395 was surplus revenues carried forward from the prior BID period ending 12/31/2018. BID Services were not disrupted as a result of this rollover.

The 2019 \$234,056 revenue surplus carry-over came from the following sources.

\$146,656 additional revenues: \$103,084 unbudgeted new assessment revenue from 3 new large buildings coming online in 2019 plus \$43,573 non-assessment revenues primarily from investment interest revenue.

\$87,400 total expenses being under budget: \$55,810 from Clean & Safe budget savings mainly from Safe Team labor due to staff turn-over, most officers not using the budgeted medical insurance benefit and the safety vendor absorbing the shift-coverage overtime premium paid to officers when the vendor is not able to provide all the officers requested by the BID. \$95,856 from Communication budget savings mainly for projects started but not completed in 2019 that will be completed in 2020. -\$64,266 from Management/City Fees/Delinquent Assessments/Depreciation budget overage primarily due to unexpected increases in insurance expense, IT support expense and Uncollected Assessments expense.

The BID is projecting to use \$143,000 from its 2019 total surplus revenue rollover in 2020. This \$143,000 amount is for 4 projects originally budgeted in 2018 and 2019 under Communication, which were not completed in 2018 and 2019 that will be completed in 2020. The projects are: \$71,000 for an Advocacy & Economic Development Project, \$30,000 for a Pedestrian Counts Project, \$16,000 for a Persona Development Project and \$26,000 committed for Santee Alley mechanical gates.

The remaining surplus funds will be spent in the ensuing years as outlined in our total spend-down plan as follows.

**12/31/2019 - Spend-Down Plan**

**-\$71,000 Advocacy and Economic Development Project (MIG proposal approved by Board on 11/21/2019) (The 2019 budgeted funds are being rolled into the 2020 Communication Budget)**

- \$30,000 Pedestrian Counts Project (\$30k was originally budgeted in 2018 but the project was delayed due to technical issues & the vendor going out of business in 2019) (The 2018 budgeted funds are being rolled into the 2020 Communication Budget)
- \$16,000 Persona Development Project (Bright Brothers started project in 2019 and will finish in 2020) (the 2019 budgeted funds are being rolled into the 2020 Communication Budget)
- \$26,000 Bal of Reserve to Serve as Matching Funds for MTA Project Grant (Project area around Santee Alley) (\$100k orig amt less \$16k actual exps, less \$58k transferred to General Fund ) (\$26k is committed for Santee Alley mechanical gates)
- \$10,000 Board Strategic Planning in 2021 (Management Budget)
- \$337,451 Capital Equipment Purchases in 2021-2026 (we are replacing our trash collector, graffiti and pressure washing trucks, patrol vehicles and bicycles needed to perform our Clean and Safe Programs)
- \$100,000 Tree-Trimming in 2021 - trees are trimmed on an every 3rd year cycle (Clean and Safe Budget)
- \$100,000 Tree-Trimming in 2024 - trees are trimmed on an every 3rd year cycle (Clean and Safe Budget)
- \$100,000 BID Renewal in 2025-2026 - BID renewal normally occurs in the last 2 years of each BID period (Management Budget)
- \$790,451 Total

**Anticipated Deficit Revenues**

There are no deficit revenues that will be carried over to 2020.

**Contribution from Sources other than assessments: \$282,496.00**

- Interest and Penalties from County and City \$20,000
- Interest Income (Investments) \$30,000
- Service Revenue (Broadway St. Plazas) \$51,440
- Website Advertising Revenue \$30,000
- Sponsorships for Urban Dinner \$10,000
- Other Misc. Revenue \$700
- Sub-Total - Other Revenues \$142,140

- General Benefit Funds (from Regular Assessments) \$122,943
- General Benefit Funds (from Santee Alley Overlay Assessments) \$17,413
- Sub-Total - General Benefit Funds \* \$140,356

Grand Total \$282,496

\* Assumes that the City of LA will continue to pay the estimated General Benefit Component within the Service Programs as it has in the past



**APPENDIX A- TOTAL ESTIMATED REVENUES/EXPENDITURES FOR THE Fashion District BID- FY 2020**

<b>2020 Assessments</b>	<b>\$5,964,925.44</b>	
<b>Estimated Carryover from 2019</b>	<b>\$790,451.00</b>	
<b>Other Income</b>	<b>\$282,496.00</b>	
<b>Total Estimated Revenues</b>	<b>\$7,037,872.44</b>	
<b>2020 Estimated Expenditures</b>		<b>Pct.</b>
<b>Clean &amp; Safe</b>	<b>\$4,821,118.44</b>	<b>68.50%</b>
<b>Communication</b>	<b>\$759,893.00</b>	<b>10.80%</b>
<b>Management/City Fees/Delq Assmts</b>	<b>\$683,952.00</b>	<b>9.72%</b>
<b>Santee Alley Overlay</b>	<b>\$772,909.00</b>	<b>10.98%</b>
<b>Total Estimated Expenditures</b>	<b>\$7,037,872.44</b>	<b>100%</b>