

HOLLY L. WOLCOTT
CITY CLERK

City of Los Angeles
CALIFORNIA

OFFICE OF THE
CITY CLERK

GREGORY R. ALLISON
EXECUTIVE OFFICER

NEIGHBORHOOD AND BUSINESS
IMPROVEMENT DISTRICT DIVISION
200 N. SPRING STREET, ROOM 224
LOS ANGELES, CA 90012
(213) 978-1099
FAX: (213) 978-1130



ERIC GARCETTI
MAYOR

MIRANDA PASTER
DIVISION MANAGER

clerk.lacity.org

January 11, 2016

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 2016 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") 2016 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 2016 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 District's total 2016 budget has increased due to a rollover of unspent funds from the 2015 assessment. The reason for this surplus is that the billed assessments rates established in the 2014-to-2018 Management Plan are based on being supplemented annually by over \$450,000 from surplus revenues. Without the surplus, District management anticipates a running deficit in 2016, 2017 & 2018 because of the significant changes to the City's minimum wage and states that the surplus is absolutely essential to maintaining the current level of services for the District's stakeholders. The increased funding has not changed the description of the budget categories approved in the Management District Plan and the City Clerk does not recognize any adverse impacts to the special benefits received by property owners due to this action.

The attached Annual Planning Report, which was approved by the District's Board at their meeting on November 19, 2015, 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 2016 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 2016 fiscal year, pursuant to the State Law.

Honorable Members of the City Council
Page 3

Sincerely,



Holly L. Wolcott
City Clerk

HLW:GRA:MCP:RMH:rks

Attachment: Fashion District Business Improvement District's 2016 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

November 19, 2015

Attachment 1

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

Subject: Fashion District PBID 2016 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 19, 2015.

This report covers proposed activities of the Fashion District BID from January 1, 2016 through December 31, 2016.

Sincerely,

Steve Hirsh
 Board Chair
 Fashion District Business Improvement District

2015 NOV 24 PM 3:27
 RECEIVED
 DIVISION



RECEIVED
2015 DEC 22 AM 9:26
ADMINISTRATIVE
SERVICES DIVISION

Fashion District Business Improvement District

2016 Annual Planning Report

November 19, 2015

2016 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 2016 Fiscal year (the 3rd year of the current BID duration period). The District's Board of Directors reviewed and approved the 2016 Annual Planning Report at the November 19, 2015 Board of Director's meeting.

Boundaries

There are no changes to the District boundaries for 2016.

Benefit Zones

The District has nine (9) benefit zones and two (2) overlay sub-zones. For 2016 there will be no changes to the District's benefit zones.

2016 Improvements, Activities and Services

Clean and Safe (Zones 1-9): \$2,911,160 (64%)

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): \$479,404 (11%)

Communication and Special Projects Programs

The following summarized services are planned to be provided: install street banners, space activation, consumer data and market strategy, economic development, destination marketing, public and media relations, district stakeholder communications, weekly e-newsletter, quarterly newsletter, website, holiday campaign, social media outreach.

Management/City Fees and Delinquent Assessments (Zones 1-9): \$486,754 (11%)

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 (Zones 1A-1B): \$640,415 (14%)

North Alley Overlay (Zone 1A)

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 \$325,793. 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 (Zone 1B)

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 \$314,622.

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 2016

A breakdown of the total estimated 2016 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 2016 assessments is unchanged from 2015 and is based on nine (9) benefit zones with two (2) overlay subzones each 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 an increase up to the maximum for all benefit zones for 2016.

Fashion District 2016 Assessment Rates:									
	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8	Zone 9
Front Linear Footage	\$4.839	\$3.949	\$2.640	\$7.763	\$2.331	\$1.182	\$1.015	\$4.473	\$5.977
Lot Square Footage	\$0.226	\$0.183	\$0.105	\$0.352	\$0.091	\$0.054	\$0.040	\$0.181	\$0.252
Building Square Footage	\$0.023	\$0.017	\$0.031	\$0.005	\$0.013	\$0.036	\$0.066	\$0.031	\$0.039
North Alley Overlay (Zone 1A)*	\$299.757								
South Alley Overlay (Zone 1B)*	\$239.313								

* Based on Alley Front Linear Footage

The Fashion District's 2016 total assessment is \$3,726,076.22

Surplus Revenues

At the end of 2015, the District will have an estimated \$547,430 of surplus revenue that will be rolled over into the 2016 budget. The District Board of Directors authorized this rollover at the November 19th, 2015 Board of Director's meeting. The reason for this significant surplus is that 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 BID is projecting to use up the majority of its surplus revenues by end of 2018, the last year of the current BID period.

At the end of 2015, the Santee Alley Overlays will have an estimated \$48,562 (North Alley) and \$23,193 (South Alley) of surplus revenue that will be rolled over into the 2016 budget. The Santee Alley Overlays property owners authorized these rollovers at their October 13th, 2015 meeting.

Anticipated Deficit Revenues

There are no deficit revenues that will be carried over to 2016.

Contributions from Sources other than assessments:

For 2016 the District projects to collect the following.

Other Revenues:	
Interest and Penalties from County and City	5,000
Interest Income (Investments)	6,000
Service Revenue (Broadway St. Plazas)	32,000
Merchants Trash Pick-Up Revenue	10,000
Other Revenue (Space Activation / Website Advertising / Other)	24,300
Grants	5,000
Total	82,300

General Benefit Funds*	90,171
-------------------------------	---------------

(*) 2016 Billed assessments were reduced \$90,171 or 2.42% for the estimated General Benefit Component within the Service Programs.

Fashion District Business Improvement District
2016 Annual Report
2016 Fiscal Year Activities Budget

Anticipated Assessment Revenues and Program Expenditures

2016 BID Assessments (excl. Overlays)	\$ 3,170,853
2016 North Alley Overlay Assessments	270,681
2016 South Alley Overlay Assessments	284,543
2016 Non- Assessment Contributions	82,300
Special Benefit Funds	90,171
2015 Surplus Carry-over Funds (BID)	547,430
2015 Surplus Carry-over Funds (N. Alley)	48,562
2015 Surplus Carry-over Funds (S. Alley)	23,193
2016 Total Est'd Revenues	\$ 4,517,733

Expenditures Budget Categories	% of 2016 Budget	2016 Budget	2016 Budget per	
			5-year Mgt Dist Plan	% of Mgt Dist Plan Budget
<u>Clean & Safe (Zones 1-9)</u>				
Clean Programs	35%	\$ 1,594,600		
Safe Programs	29%	1,316,560		
Sub-Total	64%	2,911,160	\$ 2,982,706	66%
<u>Communication (Zones 1-9)</u>				
Communication	5%	233,504		
Special Projects	5%	245,900		
Sub-Total	11%	479,404	394,373	9%
<u>Mgt/City Fees/Del. Asmnts (Zones 1-9)</u>				
Management	6%	259,454		
City Fees	1%	32,300		
Depreciation	2%	84,000		
Delinquent Assessments	2%	111,000		
Sub-Total	11%	486,754	485,271	11%
<u>Santee Alleys (Zones 1A-1B)</u>				
North Alley Overlay (Zone 1A)	7%	325,793		
South Alley Overlay (Zone 1B)	7%	314,622		
Sub-Total	14%	640,415	651,271	14%
2016 Total Est'd Expenditures	100%	\$ 4,517,733	\$ 4,513,621	100%