

ECONOMIC DEVELOPMENT COMMITTEE REPORT and ORDINANCE OF INTENTION FIRST CONSIDERATION relative to the proposed Arts District (Property-Based) Business Improvement District (BID).

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. PRESENT and ADOPT the accompanying ORDINANCE OF INTENTION to establish the Arts District Los Angeles Property BID.
2. ADOPT the Preliminary Report of the City Clerk dated November 13, 2013 (attached to Council file No. 13-1525).
3. ADOPT the Management District Plan attached to the City Clerk report dated November 13, 2013.
4. ADOPT the Engineer's Report attached to the City Clerk report dated November 13, 2013.
5. FIND that:
  - a. The petitions submitted on behalf of the proponents of the proposed Arts District Los Angeles Property BID are signed by property owners who will pay more than fifty (50) percent of the assessments proposed to be levied.
  - b. All parcels that will have a special benefit conferred upon them and upon which an assessment would be imposed are those as identified in the Management District Plan.
  - c. In accordance with Article XIID of the California Constitution and based on the facts and conclusions contained in the Engineer's Report, the assessment levied on each parcel within the proposed District is proportionate to the special benefit derived from the improvements and activities that are to be provided.
  - d. In accordance with Article XIID of the California Constitution and based on the facts and conclusions contained in the Engineer's Report, the Engineer has separated the general from special benefits. The Engineer's Report identified general benefits in the amount of 1.26 percent to be separated from the special benefits conferred on parcels within the proposed District. The yearly general benefits cost must be paid from funds other than the assessments collected for the Arts District Los Angeles Property BID. The general benefit cost for first year of operation is \$14,144.
  - e. In accordance with Article XIID of the California Constitution and based on the facts and conclusions contained in the Engineer's Report, no assessment imposed on any parcel exceeds the reasonable cost of the proportional special benefit conferred on that parcel.
  - f. The assessments for the proposed District are not taxes and that the District qualifies for exemption from Proposition 26 under exemption 7 of Article XIIC §1(e).

- g. The proposed improvements and activities are completely separate from the day to day operations of the City of Los Angeles.
6. AUTHORIZE the City Clerk, upon establishment of the District, to prepare, execute and administer a contract between the City of Los Angeles and a non-profit corporation for the administration of the District's programs.
7. DIRECT the City Clerk to comply with the notice, protest, and hearing procedures prescribed in the Proposition 218 Omnibus Implementation Act (California Government Code, Section 53750 et seq.).
8. REQUEST the City Attorney, with the assistance of the City Clerk, to prepare an enabling Ordinance establishing the Arts District Los Angeles Property BID for Council consideration at the conclusion of the required public hearing.

Fiscal Impact Statement: The City Clerk reports that Assessments levied on the eight (8) City-owned property within the District to be paid from the General Fund total \$37,945.15 for the first year of the District. Funding is available in the BID Trust Fund 659 to pay the General Fund's share of assessments for the first operating year. Assessments levied on the Los Angeles Department of Water and Power property within the District will not be paid from the General Fund.

Proposition 218 requires the separation of general benefits from the special benefits. The general benefit portion for the Arts District Los Angeles Property BID is \$14,144 for the first year. Surplus funds may be available in the BID Trust Fund 659 for the first year of operation. However, funds other than assessment revenue must be budgeted annually for the general benefit expense for the remaining years of the BID's five-year term.

Community Impact Statement: None submitted.

## SUMMARY

At a special meeting held on December 10, 2013, the Economic Development Committee considered a City Clerk report and Ordinance of Intention relative to the establishment of the Arts District Los Angeles Business Improvement District (BID). The Interim City Clerk appeared before the Committee to provide a brief overview of the matter and responded to related questions from the Committee.

Public comment was also received on this matter from members of the Arts District community and concerns were expressed relative to the BID establishment process, including concerns that parcels in the Arts District were excluded from the proposed boundaries and the level of impartiality in evaluating the two competing BID proposals. Additionally, one of the Arts District community members reported that a communication detailing these and other concerns had been sent to members of the Committee.

The Committee Member, and Councilmember for the Fourteenth Council District in which the proposed Arts District BID is located, asked the Interim City Clerk to respond to a number of concerns that were raised such as the assessment rate in the Engineer's report contradicting the rate proposed in the management plan, proper assessment of parcels, issues regarding the

proposed boundaries, and verification of information in one of the BID proposer's application. The Interim City Clerk responded to and addressed each of the issues, but advised the Committee that additional time would be needed to investigate the concern regarding whether four parcels had been excluded from the proposed BID boundaries.

The Committee Member, and Fourteenth District Councilmember, stated that both competing BID proposals should ultimately be considered by Council at some point, but in the interest of preventing any delay in the process for establishing the BID, requested that the Committee approve the recommendations in the City Clerk report. The Interim City Clerk advised the Committee that it would be possible for Council to consider both competing BID proposals in the future, even if the Committee and Council approve the recommendations in the current City Clerk report.

After providing an opportunity for public comment, the Committee recommended approval of the recommendations in the City Clerk report, and requested that the Interim City Clerk verify information relative to the proposed Arts District BID boundaries and report to Council at the time this matter is considered.

Respectfully Submitted,

ECONOMIC DEVELOPMENT COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
PRICE:	YES
KREKORIAN:	YES
HUIZAR:	YES
CEDILLO:	YES
MARTINEZ:	YES

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**