

ECONOMIC DEVELOPMENT COMMITTEE REPORT and ORDINANCE OF INTENTION FIRST CONSIDERATION relative to the reconfirmation of the Los Feliz Village (Merchant-Based) Business Improvement District (BID).

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

1. FIND that:

- a. The assessments imposed by the Los Feliz Village BID for the 2017 fiscal year provide services that directly benefit each of the businesses which pay the assessments.
- b. The services funded by the assessment are provided only to each of the assessed businesses within the boundaries of the BID.
- c. The assessment imposed does not exceed the reasonable cost of conferring the benefits.
- d. The proposed improvements and activities are completely separate from the day to day operations of the City of Los Angeles.
- e. That the assessments for the proposed business-based BID are not taxes and that the Los Feliz Village BID qualifies for exemption from Proposition 26 under Exemption 1 of Article XIII C §1(e)(1).
- f. That the services to be provided by the Owners' Association are in the nature of professional, expert, technical or other special services, that the services are of a temporary and occasional character, and that the use of competitive bidding would be impractical, not advantageous, undesirable or where the common law otherwise excuses compliance with competitive bidding requirements.

2. PRESENT and ADOPT the accompanying Ordinance of Intention dated March 14, 2017 to confirm the Annual Report for the Los Feliz Village BID and to levy a special assessment upon businesses located within the BID for the BID's 16 operating year beginning January 1, 2017.
3. DIRECT the City Clerk to schedule, prepare, publish, and mail the public hearing notice as required by the provisions of Section 36500 et seq. of the California Streets and Highways Code.
4. DIRECT the City Clerk, subject to approval by the City Attorney as for form and legality, to prepare and present an Ordinance levying the special assessment for the Los Feliz Village BID's 16th operating period beginning January 1, 2017 to December 31, 2017.
5. APPROVE the Los Feliz Village BID Corporation, a California nonprofit mutual benefit corporation, to administer the proposed services of the Los Feliz Village BID pursuant to Section 36500 et seq. of the California Streets and Highways Code and City regulations.

6. AUTHORIZE the City Clerk, subject to City Attorney approval, to prepare, execute, and administer a contract between the City and the Los Feliz Village Business Improvement Corporation to administer the Los Feliz Village BID, if the Ordinance reconfirming the BID is adopted.
7. APPOINT the Advisory Board as listed in Attachment 1 of the March 21, 2017 City Clerk report, attached to the Council file.

Fiscal Impact Statement: The City Clerk reports that this is a merchant-based BID and there are no assessments for City-owned properties within the BID, therefore there is no impact on the General Fund.

Community Impact Statement: None submitted.

Summary:

On March 28, 2017, your Committee considered a March 21, 2017 City Clerk report and Ordinance dated March 14, 2017 relative to the reconfirmation of the Los Feliz Village BID. According to the City Clerk, the reconfirmation process consists of the adoption of an Ordinance of Intention, the approval of the Annual Report from the District's management entity and a public hearing prior to the adoption of an Ordinance, which would authorize the special assessment to fund operations for the next year of the program. The City Clerk has received and reviewed the Annual Report as approved and submitted by the Los Feliz Village BID Advisory Board and as required by law (Section 36533, California Streets and Highways Code). The report includes the various programs and activities, which would be supported by assessment revenue and interest earnings.

The Los Feliz Village BID's boundaries for its 2017 operating year remain unchanged from the BID's 2016 operating year and are generally described as Hillhurst Avenue, from Los Feliz Boulevard on the north to Sunset Boulevard on the south; Hollywood Boulevard, from Hillhurst Avenue on the east to Vermont Avenue on the west; and Vermont Avenue, from Hollywood Boulevard on the south to Franklin Avenue on the north. A map illustrating the Los Feliz Village Business Improvement District's boundaries for its 2017 operating year is included in the March 21, 2017 City Clerk report, attached to the Council file, as well as a complete description of the boundaries in the Annual Report (Attachment 1).

The BID will be governed by an advisory board consisting of business owners. The advisory board provides general oversight of District operations, prepares annual reports and makes recommendations to Council on District budget and other issues. The Advisory Board is required to be appointed by the City Council pursuant to Section 36530 of the Streets and Highways Code. Council may designate existing advisory boards or commissions to serve as the advisory board for the District or may create a new advisory board for that purpose. A list of the proposed District's current advisory board members is included in Attachment 1 of the City Clerk report.

On November 2, 2010, voters in the State of California passed Proposition 26, which broadened the definition of taxes and which require approval by two-thirds of each house of the Legislature or by local voter approval. However, Proposition 26 provides for exemptions. Under Proposition 26, assessments for specific benefits are not defined as taxes and are exempt under Article XIII

C §1(e)(1) which states "A charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege".

For the City Council to find that the Los Feliz Village BID is exempt from Proposition 26, it must find that: 1) the assessment dollars are used in a manner that creates a clear and direct link between the services provided and the benefit to the assessed business; 2) no business other than the assessed businesses will benefit from the assessment and services; and 3) the assessment imposed does not exceed the reasonable cost to the local government of conferring the benefit.

The assessments for the Los Feliz Village BID are used to provide specific benefits directly to the payor. The specific benefit to the payor are the beautification programs, communication services, marketing and public relations services, and administration services which will be provided directly to assessed businesses within the Los Feliz Village BID. These services will in turn, provide specific benefits to the payors in the form of overall improved area aesthetics which will result in an increase in customers and visitors to the District. This will in turn, result in the increase of retail and commercial business to payors located within the District boundaries. The services are funded solely by the assessments collected and are provided only to the businesses which pay the assessments. No services are provided to businesses which do not pay the assessments or to businesses located outside of the District boundaries. Such services cannot be provided without charging the assessment. Furthermore, the assessments are calculated based on the reasonable cost of providing the services to the payor and thus, do not exceed the reasonable cost to the local government in conferring the benefit.

After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendations contained in the March 21, 2017 City Clerk report and detailed in the above recommendations. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

ECONOMIC DEVELOPMENT COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
PRICE:	YES
CEDILLO:	ABSENT
HARRIS-DAWSON:	YES
KREKORIAN:	YES
O'FARRELL:	YES

ARL
3/28/17

-NOT OFFICIAL UNTIL COUNCIL ACTS-