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CALIFORNIA

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February 16, 2016

Honorable Members of the City Council
City Hall, Room 395
200 North Spring Street
Los Angeles, California 90012

Council District 14

REGARDING: THE DOWNTOWN CENTER (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 Downtown Center Business Improvement District's ("District") 2016 fiscal year (CF 15-0241). 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 Downtown Center 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 Downtown Center Business Improvement District was renewed on June 19, 2012 by and through the City Council's adoption of Ordinance No. 182171, 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 budget has increased due to a large rollover of unspent funds from previous years. A portion of the rollover will be spent in the 2016 budget with the remainder to be used in the BID's last year of 2017. 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 4, 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 Downtown Center Business Improvement District's 2016 fiscal year complies with the requirements of the State Law.
2. FIND that the increase in the 2016 budget concurs with the intentions of the Downtown Center 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 Downtown Center Business Improvement District's 2016 fiscal year, pursuant to the State Law.

Honorable Members of the City Council
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Sincerely,



Holly L. Wolcott
City Clerk

HLW:GRA:MCP:RMH:rks

Attachment: Downtown Center Business Improvement District's 2016 Fiscal Year
Annual Planning Report



Attachment 1

November 4, 2015

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

Subject: Downtown Center PBID 2016 Annual Planning Report

Dear Ms. Wolcott:

As required by the Property and Business Improvement District Law of 1994, California Street & Highway Code Section 36650, the Downtown Center Business Improvement District Board has caused this Planning Report to be prepared.

The report covers proposed activities from January 2016 to December 2016.

Please feel free to contact me if you have any questions. Thank you for your continuous support and cooperation.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Carol E. Schatz', is written over the typed name.

Carol E. Schatz
President & CEO

Enclosure

DOWNTOWN CENTER BUSINESS IMPROVEMENT DISTRICT 2016 Annual Planning Report

**NBID
FEB 08 2016**

District Name

This report is for the Downtown Center Business Improvement District (District). It is operated by the Downtown Center Business Improvement District Management Corporation, a California non-profit corporation.

Fiscal Year of Report

This report applies to the 2016 Fiscal year. The District Board of Directors approved the 2016 Annual Planning Report at the November 4th, 2015 Board of Directors meeting.

Boundaries

There are no changes to the District boundaries for 2016.

Benefit Zones

The District has two benefit zones. For 2016 there are no changes to the benefit zones.

2016 Improvements, Activities and Services

Clean and Safe: \$3,556,486 (47.7%)

Safety services are contracted through Universal Protection Service. Patrol services are deployed in vehicles, on bicycles, on foot and T3 Electrical Patrol vehicles 24 hours a day, every day of the week.

Safety training is DCBID's first priority. All training manuals continue to be revised and updated as needed. All safety officers are receiving 15-30 minutes training sessions before their shifts on a variety of topics including, but not limited to, bicycle and driving operations, traffic control, customer service, tactical communications, CPR/First Aid and report writing.

We have begun implementing specialized training that addresses specific district needs. Over 30 safety professionals will receive this training annually. Subjects covered include report writing, criminal law, cultural diversity, first aid application, first aid mental health, homeless outreach skills and more.

The ongoing goals for the Safety Team in 2016 are to continue to establish the concepts of safety, cleanliness, and teamwork throughout Downtown. Safety staff continues to assist with public events that are being held within the district. These events range from the Pershing Square summer concert series to marathons that occur within the district.

All safety service calls are coordinated through a Computer Aided Dispatch (CAD) system. The CAD system performs an accurate tracking and accounting of each call and allows the mapping of all calls so that emerging trends can be identified which provides a valuable tool in allocating resources.

To better serve the district, advanced training and technical support are being provided for safety and maintenance personnel. We are enhancing the effectiveness of our security resources by optimizing the use of a tracking system we installed in 2014 which helps to ensure that the safety officers are deployed to maximize the effectiveness of staff coverage in conjunction with Safety Patrol observations, and LAPD statistics. As we notice trends changing, we are constantly adjusting patrol areas and routes to ensure that those areas are tended to appropriately.

BID ACTION will focus on improving on our homeless outreach efforts. Under a new contract with PATH (People Assisting The Homeless), PATH has assigned two PATH Navigators who are partnering with existing BID ACTION outreach workers to provide an expanded range of services. This service includes, but is not limited to, assistance with obtaining legal documentation (birth records, social security cards or identification) to housing navigation and more.

Maintenance services continue to be contracted with Chrysalis, a neighborhood non-profit organization that offers employment opportunities to the homeless and economically disadvantaged. Maintenance services including sweeper crews are in place from 5:00 am to 7:00 pm, 7 days a week.

We will continue to provide pressure-washing sidewalks, gum removal and tree-trimming services on an as needed and contracted basis.

We also continue to identify graffiti, lighting problems, potholes, sidewalk cracks, and other safety and maintenance issues in the district and report these problems to the City for repair.

We installed 18 additional "Big Belly Solar" trash receptacles in 2015 based on the successful results of an initial installation of 18 cans in 2014. With this latest installation the DCBID owns and maintains 36 "Big Belly Solar" receptacles and 200 regular receptacles within the district.

DCBID also partners with LAPD, Metro and other City agencies to address maintenance issues in the District.

Economic Development/Marketing: \$1,432,050 (19.3%)

The Economic Development department is focused on four key sectors for 2016: Office and Industry, Retail and Hospitality, Residential Development and Living, and Arts and Culture. Our objective in all of these sectors is to attract and recruit new residents, businesses, organizations, and investment, and support those already located or doing

business Downtown. To those ends, we are implementing the following programs in their respective sectors:

Office and Industry: We have two programs in this sector, 1) “*DTLA: Urban Innovation District*” an initiative designed to identify and promote areas of commercial innovation in Downtown and provide a set of recommendations for nurturing their growth. This program will include production of a report and conference. And 2) “*Get Urban*,” our office space promotion and tenant recruitment program featuring monthly tours of Downtown office commercial properties, office spaces and leading companies.

Retail and Hospitality: Our retail program, entitled “*DTLA: The Future of Urban Retail*,” includes distribution of a promotional report, along with recruitment events, workshops and tours designed to attract new retail and hospitality businesses and support and promote those already doing business Downtown.

Residential Development and Living: Our initiative in this sector promotes living downtown to those who work here, and working downtown for those who live here. The dual and complimentary programs, entitled “Downtown is Home” and “Downtown Works,” include promotional campaigns, tours and events for Downtown workers and residents.

Arts and Culture: Our program in this sector is entitled “*DTLA: Creative Capital*,” and includes a report and conference on Arts & Culture as an economic driver for Downtown development.

The Economic Development department will continue to be the #1 source of information for all things Downtown by creating new and original research and reports quantifying the development and growth of Downtown across market segments, and tracking development projects and metrics.

We will engage new businesses and commercial tenants with a “Welcome to Downtown LA” package and presentation, and engage the residential population through the DCBID-created DRMA (Downtown Resident Managers) Roundtable meetings, in quarterly gatherings to share best practices and provide networking and marketing opportunities.

Marketing and Communications is focused on creating awareness and driving traffic to Downtown businesses and events by promoting Downtown Los Angeles through media outreach, advertising campaigns, marketing collateral, newsletters, special events, public relations, social media, a website and our Downtown Guide program. Targeted advertising is used to recruit and retain office tenants, inform visitors, promote hotels, restaurants, attractions and retailers and to increase sales at DCBID businesses. Our advertising outlets include the Downtown News, various radio stations, DTLARising.com and more.

The Marketing and Communications Department will continue to focus its efforts on promoting Downtown Los Angeles to residents, workers, visitors, and investors. This will be achieved through a rebranding project, consumer marketing campaigns, community-building initiatives, and strategic public relations.

The Downtown Center BID rebrand project will come to a close in Q1 of 2016 with a rollout of rebranded materials through Q2. The rollout includes new logo placement on printed materials, Safe & Clean team uniforms and equipment, and digital platforms including downtownla.com. The rebrand will strengthen the DCBID's position as a resource for our target audiences (residents, workers, visitors, and investors).

Marketing and Communications will also plan, execute, and conduct post-analysis on three marketing campaigns in the Spring, Summer, and Holiday seasons. The campaigns will promote Downtown as a destination for arts and culture and seasonal events to a broader audience. Promotional elements for the campaigns will include print, digital, social media and radio advertising. Media partners include Downtown News, KCRW, and more. In addition, our Downtown Guides will be available at a new, stationary information kiosk located at the base of the US Bank Tower to assist visitors who are in Downtown.

As part of our community outreach, we will continue to host annual events that support local businesses and promote attendance by Downtown LA residents and workers. These events include our 10th Annual Dog Day Afternoon, 17th Annual Public Safety Appreciation BBQ, and 9th Annual Halloween Party for Downtown LA Kids. Our quarterly resident mixers will also bring Downtown Los Angeles residents together to mingle and learn about Downtown Center BID services.

Strategic Public Relations will continue to be a focus for the Marketing and Communications department. We will focus our PR efforts on promoting a positive image of Downtown through proactive media outreach. In addition, we will utilize PR to promote Downtown Center BID events, research reports, and economic development initiatives.

Ongoing, the Marketing and Communications department will also work with existing businesses to create promotional content for social media and downtownla.com.

Management/City Fees: \$1,100,560 (14.7%)

The improvements and activities 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 review, City fees to collect and process the assessments, a reserve for uncollectible assessments and depreciation. The special benefit to parcels from these services is increased commercial activity which directly relates to increases in lease rates and enhanced commerce.

Special Projects: \$80,000 (1.0%)

The Special Projects budget is reserved for opportunities and additional projects that present themselves during the life of the District. These special projects will improve commerce by attracting pedestrians to provide a special benefit to the individual assessed parcels with the District. Special project funds will only be used to specially benefit assessed parcels with the District. Special projects may include activities such as, increased landscaping service, tenant recruitment and support, increased communication or event production. The special benefit to assessed parcels from these services is increased commercial activity which directly relates to increases in lease rates and enhanced commerce. Public parcels receive special benefit from increased use which directly relates to fulfilling their public service mission. Many public owned parcels are office buildings with leaseable square footage that will benefit by increases in lease rates, occupancy and commercial activity. The special benefit to residential parcels is increased occupancy rates and an increase in residential serving businesses such as restaurants and retail stores.

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 Assessment

The Method and Basis for levying the 2016 assessment remains the same as listed in the Management District Plan. Annual assessments are based upon an allocation of program costs and a calculation of assessable square footage for two (2) Benefits Zones. Assessment is determined by gross building square footage and/or land area square footage with a slightly higher per square foot rate for additional service provided in Zone 2.

(No CPI increase for 2016)

Zone 1 – Outside Maintenance Overlay
Zone 2 – Inside Maintenance Overlay

assessable sqft rate

0.08535906 per sqft
0.10680212 per sqft

Assessable square footage (sqft) is defined as the total gross bldg sqft and/or land sqft (when applicable), plus gross parking structure sqft (when applicable). a) Parking structures that are integrated within a bldg will generally be excluded from assessment. See MDP for details. b) Parking structures not integrated within a bldg will generally be assessed on land sqft plus 50% of parking structure sqft. See MDP for details. c) Vacant or surface parking parcels will be assessed.

The District's Management District Plan allows for a maximum annual assessment increase of 5%. The Board voted for no increase in 2016.

The District's 2016 Total Assessment is \$5,985,683.64.

Surplus Revenues

At the end of 2015, the District will have an estimated \$1,573,044 of surplus revenue that will be rolled over into 2016 budget. The excess surplus is due to a combination of several unique factors that occurred in 2013. DCBID collected approximately \$150,000 in delinquent accounts from prior years. Also, the DCBID experienced unprecedented employee turnover that resulting in a permanent savings of almost \$300,000 in 2013. Lastly, DCBID incurred some staffing shortages for the security and ambassador programs. The remainder of the surplus is the result of the Board Members wanting to have a one to two month operation reserve in case the BID needs to wind down. The 2015 and 2016 budgets have been designed to utilize the excess surplus. The District Board of Directors authorized the rollover at the November 4th, 2015 Board of Director's meeting and no rate increases have been requested.

Anticipated Deficit Revenues

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

Contributions from Sources other than assessments: \$15,500

Interest and dividend income on excess cash in bank.

APPENDIX A

**DOWNTOWN CENTER BUSINESS IMPROVEMENT DISTRICT
2016 Annual Report
2016 Fiscal Year Activities Budget**

2016 Revenue Sources

2016 Special Assessments	5,985,684	
Less: Allowance for doubtful accounts	<u>(112,291)</u>	5,873,393
2015 Estimated Carryover		1,573,044
2016 Contributions From Other Sources		<u>15,500</u>
2016 Total Estimated Revenue		<u>7,461,937</u>

2016 Budget Expenditures

Clean and Safe	3,556,486	47.7%
Economic Development/Marketing	1,432,050	19.3%
Management/City Fees	1,100,560	14.7%
Special Projects	80,000	1.0%
Contingency – 2015 Rollover	<u>1,292,841</u>	<u>17.3%</u>
2016 Total Estimated Expenditures		<u>7,461,937</u> 100.0%