

# **BUSINESS IMPROVEMENT DISTRICTS PROCEDURE CODE**

Purpose.

Augmentation and Modification of State Law Requirements  
Governing Property and Business Improvement Districts.

Severability.

City Planning Referral.

Assessment Limitation.

Alternative or Additional Procedure for Establishing a Property  
and Business Improvement District – Requiring Weighted Two-  
Thirds Vote.

## **PURPOSE.**

(a) State law provides procedures to form property and business improvement districts and levy assessments. This Section provides authority for the City to augment and modify those state law procedures by authorizing the City Council to do any of the following:

- (1) Reduce the percentage of petitions required from owners in order to initiate formation from 50% to 30%;
- (2) Extend the initial term of the district to a maximum of 10 years;
- (3) Extend the renewal term of the district to a maximum of 15 years;
- (4) Recover through assessments the costs incurred in formation of the district;
- (5) Disestablish a district upon a supermajority vote of the City Council for issues related to malfeasance;

or,

(6) Require a weighted two-thirds (2/3) vote of /property/business owners to be assessed, based on ballots cast, as an alternative or additional procedure for establishing a business improvement district and levying assessments on business owners.

(b) Under this Section, the City Council may establish property and business improvement districts and may finance activities and improvements through assessments apportioned among parcels of real property and/or businesses within such districts. It is the intent of this Section to provide a vehicle for financing activities and improvements that supplement and complement existing City services and facilities. The City Council may not establish any district or levy any assessment under this Section to replace or supplant existing City services. Nothing in this Section shall be construed as prohibiting the establishment of districts or levying of assessments to finance local capital improvements that are otherwise authorized under the City Charter, any other City ordinance, or state law.

## **AUGMENTATION AND MODIFICATION OF STATE LAW REQUIREMENTS GOVERNING PROPERTY AND BUSINESS IMPROVEMENT DISTRICTS.**

The City Council may elect to use the procedures set forth in California Streets and Highways Code Sections 36600 *et seq.* or may elect to use those procedures as modified herein by this Section, for the formation of property and business improvement districts and the levy of assessments that will fund activities and

improvements that confer benefits on parcels/businesses zoned commercial, commercial residential, industrial, other mixed use properties, as well as commercial use businesses sitting on residential zoned parcels.

(a) Notwithstanding Streets and Highways Code Section 36621(a) or any other provision of state law to the contrary, the City Council may initiate proceedings to establish a property and business improvement district upon receipt of a petition signed by property owners, business owners, or a combination of property owners and business owners, excluding government-owned parcels, in the proposed district who will pay at least 30 percent of the assessments proposed to be levied.

(1) The amount of assessments attributable to properties and businesses owned by the same owner that is in excess of 20 percent of all assessments proposed to be levied, shall not be included in determining whether the petition is signed by the property owners or business owners who will pay the requisite 30 percent or more of the total amount of assessments proposed to be levied.

(2) Notwithstanding Streets and Highways Code Section 36623(b) or any other provision of state law to the contrary, where the City Council initiates proceedings pursuant to this subsection (a) to levy assessments on businesses, the Council shall conduct the protest proceeding by ballot rather than by oral or written protests.

(b) Notwithstanding Streets and Highways Code Section 36622(h) or any other provision of state law to the contrary, the City Council may form a district and levy assessments:

(1) For a maximum term of up to 10 years; or,

(2) For a maximum renewal term of up to 15 years.

(c) Notwithstanding Streets and Highways Code Section 36632(c) or any other provision of state law to the contrary, the City Council may:

(1) establish a district pursuant to this Section that encompasses properties zoned for commercial residential use (zoned R4 or above), as well as commercial use businesses sitting on residential zoned parcels (R1 – R3);

(2) levy assessments upon such properties; and

(3) fund improvements and activities that benefit such properties. (d) Notwithstanding any provision of state law to the contrary, the City Council may authorize a district formed pursuant to this Section to recover an administrative fee through assessments a small portion of the costs incurred in administering the program as indicated by the City's BID Policy.

(e) Notwithstanding Streets and Highways Code Section 36670 or any other provision of state law to the contrary, the City Council may, by a supermajority vote of twelve or more members, notice a hearing and initiate proceedings to disestablish for the reason of malfeasance or willful mismanagement a district. Where the City Council seeks to disestablish a district in circumstances not authorized under Streets and Highways Code Section 36670, both the Ordinance of Intention to disestablish the district and any final Ordinance to Disestablish the district shall require a supermajority vote of no fewer than twelve members.

(f) The management district plan submitted for each proposed district to be funded under this Section shall ensure adequate representation on the governing body of the owners' association, of business owners located within the district who do not own, or have an ownership interest in, commercial property located within the district. Not less than 20 percent of voting members of the owners' association shall be such business owners. Where warranted by the circumstances in a proposed district, the City Council may require that the management district plan provide a greater level of business owner representation. This subsection (h) shall not limit the authority of the City Council to require the incorporation of any other item or matter into the management district plan under Streets and Highways Code Section 36622(i) or other applicable law.

(g) No fewer than 30 days after the Clerk of the Council receives a complete petition seeking formation of a district pursuant to this Section, the Clerk shall a mail notice to all property owners of record as listed by the County Assessor's Office or businesses located within the proposed district holding a current registration certificate issued by the Office of Finance:

- (1) That a petition for formation of a property and business improvement district has been received;
- (2) That if the district is formed, assessments will be levied against property and/or businesses in the district;
- (3) That formation of the district is subject to the approval of the City Council following public hearings and a ballot proceeding by owners of the property, businesses, or both, subject to the assessment; and,
- (4) How recipients may obtain further information about the petition and proposed district.

### **SEVERABILITY.**

If any provision of this Section or the application thereof to any person or circumstance shall be held invalid, such invalidity shall not affect any other provision or such other application of such provision which can be given effect without such provision or application, and to this end the provisions of this Section are declared to be severable.

### **ASSESSMENT LIMITATION.**

No amount proposed to be assessed upon any parcel shall exceed the cost of the special benefits programs or improvements for said parcel. General benefits shall be separated from the special benefits. Both shall be described and justified by a certified Engineer in the Engineer's Report attached to the Management District Plan for the Business Improvement District.

### **ALTERNATIVE OR ADDITIONAL PROCEDURE FOR ESTABLISHING A PROPERTY AND BUSINESS IMPROVEMENT DISTRICT – REQUIRING WEIGHTED TWO-THIRDS VOTE.**

(a) If so provided in the Ordinance of Intention and the Ordinance to Establishment, as an alternative or additional procedure for establishing a business and property improvement district and levying assessments on parcel or business owners, the City Council may require a weighted two-thirds (2/3) vote of the parcel or business owners proposed to be assessed, based on ballots cast. The votes shall be weighted according to each parcel or business owner's estimated assessments in relation to the total estimated assessments proposed to be levied on all business owners in the proposed district. The vote shall not be effective unless business owners representing at least 50 percent of the total estimated assessments proposed to be levied on all business owners in the district cast ballots.

(b) The City Council hereby finds and determines that the business owners proposed to be assessed, with votes allocated as provided in subsection (a), constitute the "electorate" for purposes of Section XIIC § 2(d) of the California Constitution as and to the extent that provision applies to the levy of assessments on businesses pursuant to this Section.

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# PUBLIC RIGHT-OF-WAY LANDSCAPING, IMPROVEMENT AND MAINTENANCE ASSESSMENT DISTRICTS ("BEAUTIFICATION DISTRICTS")

Purpose.

Augmentation and Modification of State Law Requirements Governing Property and Business Improvement Districts.

Severability.

City Planning Referral.

Assessment Limitation.

## PURPOSE.

(a) State law provides procedures to form property and business improvement districts and levy assessments (California Streets and Highways Code Sections 36600 *et seq.*). This Section provides authority for the City to augment and modify those state law procedures to provide services, improvements and activities, focused on landscaping, improvements and maintenance in Public Right-of-Way areas (e.g., sidewalks and medians), by authorizing the City Council to do any of the following in conjunction:

- (1) Reduce the percentage of petitions required from property owners in order to initiate formation from 50% to 30%;
- (2) Have the district encompass parcels zoned commercial, commercial residential property, as well as commercial use on parcels zoned solely for residential use;
- (3) Extend the initial term of the district to a maximum of 10 years, or such longer term as is authorized by state law;
- (4) Extend the renewal term of the district to a maximum of 15 years
- (5) Recover through assessments the a small portion of costs incurred in administration of the Business Improvement District Program; and,
- (6) Disestablish a district due to malfeasance upon a supermajority vote of the City Council.

(b) Under this Section the City Council may establish property and business improvement districts that focus on landscaping, improvements and maintenance in Public Right-of-Way areas, which may be financed through assessments apportioned among parcels of real property that specially benefit within such districts. It is the intent of this Section to provide a vehicle for financing services, activities and improvements that supplement and complement existing services

and facilities. The City Council may not establish any district or levy any assessment under this Section to replace or supplant existing City services. Nothing in this Section shall be construed as prohibiting the establishment of districts or levying of assessments to finance local capital improvements that are otherwise authorized under the City Charter, any other City ordinance, or

## **AUGMENTATION AND MODIFICATION OF STATE LAW REQUIREMENTS GOVERNING PROPERTY AND BUSINESS IMPROVEMENT DISTRICTS.**

The City Council may elect to use the procedures set forth in California Streets and Highways Code Sections 36600 *et seq.* as augmented and modified by this [Section 15A](#) for the formation of property and business improvement districts and the levy of assessments on real property to fund services, improvements and activities that confer benefits on property, including parcels zoned solely for commercial residential use, by focusing on landscaping, improvements and maintenance of the adjacent Public Right-of-Way areas.

**(a) Definitions.**

(1) "Public Right-of-Way or Public Realm areas." As used Public Realm areas are outdoor spaces open to the public that include but are not limited to parks, plazas, parklets, sidewalks, unimproved areas, landscaped areas and gardens. Public Realm areas may be owned by public and/or private entities or persons.

(2) "Ecological system." As used ecological system" means a system of living organisms and the physical environment those organisms inhabit. An ecological system includes elements such as soil, geology, wildlife, vegetation, and watersheds.

(3) "Recreational Improvements." As used "recreational improvements" means improvements that will encourage recreational use, either by improving current conditions (e.g., repairing a grass soccer field) or installation of new facilities (e.g., playground equipment).

**(b) Petitions.** Notwithstanding California Streets and Highways Code Section 36621(a) or any other provision of state law to the contrary, the City Council may initiate proceedings to establish a property and business improvement district upon receipt of a petition signed by property owners in the proposed district who will pay at least 30 percent of the assessments proposed to be levied.

The amount of assessments attributable to properties owned by the same owner that is in excess of 20 percent of all assessments proposed to be levied, shall not be included in determining whether the petition is signed by the property owners who will pay the requisite 30 percent or more of the total amount of assessments proposed to be levied.

**(c) Term.** Notwithstanding California Streets and Highways Code Section 36622(h) or any other provision of state law to the contrary, the City Council may form a district and levy assessments:

- (1) For a maximum initial term of up to 10 years, or such longer term as is authorized by state law; or,
- (2) For a maximum renewal term of up to 15 years.

**(d) Property Zoned Solely Residential.** Notwithstanding California Streets and Highways Code Section 36632(c) or any other provision of state law to the contrary, the City Council may:

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(1) Establish a district that encompasses commercial and commercial residential zoned properties, as well as commercial use on parcels zoned solely for residential use;

(2) Levy assessments upon such properties; and

(3) Authorize utilization of the assessments to fund services, improvements and activities that specially benefit such properties.

(e) The City Council may authorize:

(1) Assessment district services, improvements and activities consistent with California Streets and Highways Code Sections 36600 *et seq.* that are focused on landscaping, improvements and maintenance of Public Right-of-Way/Realm areas, notwithstanding any other provisions in Sections 36606, 36610, or 36613 or any other provision of state law to the contrary. Such services, improvements and activities may include, but are not limited to, involvement with ecological systems, water and energy systems, pedestrian and bicycle amenities, and recreational improvements.

(g) **Disestablishment by City Council Supermajority.** Notwithstanding California Streets and Highways Code Section 36670 or any other provision of state law to the contrary, the City Council may, by a supermajority vote of twelve (12) or more of its fifteen (15) members, notice a hearing and initiate proceedings to disestablish a district for any reason. Where the City Council seeks to disestablish a district in circumstances not authorized under California Streets and Highways Code Section 36670, both the Ordinance of Intention to disestablish the district and any final Ordinance to disestablish the district shall require a supermajority vote of no fewer than twelve of its 15 members.

(h) **Disestablishment Limitation.** Notwithstanding the California Streets and Highways Code Section 36670, or any other provision of this law, the City Council may not disestablish a district where there are any outstanding bond, financing lease (including any certificates of participation therein), or other similar obligations of the City, payable from or secured by assessments levied within the district.

(i) **Public Financing.** Notwithstanding California Streets and Highways Code Section 36640 or any other provision of state law to the contrary:

(1) The City Council may, in the Ordinance to establish the district, determine and declare that any obligations of the City, shall be issued to finance the estimated costs of some or all of the proposed improvements or activities described in such Ordinance, pursuant to the City Charter, City ordinances or state law, as the Council may determine; and

(j) **Management of District.**

(1) **Management by Owners' Nonprofit Corporation.** If so provided by the management district plan, the City Council may contract with an existing or new owners' nonprofit corporation (California Streets and Highways Code Section 36614.5) to administer or implement services, improvements and activities specified in the management district plan. If so, the management district plan shall ensure that on the governing body of the owners' nonprofit corporation:

(2) **Management by the City.** Alternatively, if so provided by the management district plan, the City Council may authorize the City to hire a nonprofit organization to administer or implement services, improvements and activities specified in the management district plan by utilizing existing City departments, including but not limited to the Department of Public Works and the Recreation and Park Department, and/or by contracting out.

(3) This subsection (j) shall not limit the authority of the City Council to require the incorporation of any other item or matter into the management district plan under California Streets and Highways Code Section 36622(l) or other applicable law.

(k) **Notice to Property/Businesses Owner.** No fewer than 30 days after the Clerk of the Council receives a complete petition seeking formation of a district, the Clerk shall mail notice to all parcel owners as recorded by the County Assessor's Office or businesses owners located within the proposed district holding a current registration certificate issued by the Office of Finance. The notice shall inform the recipients:

- (1) That a petition for formation of a property and business improvement district has been received;
- (2) That if the district is formed, assessments will be levied against property in the district;
- (3) That formation of the district is subject to the approval of the City Council following public hearings and a ballot proceeding by owners of the property subject to the assessment;
- (4) Include the Proposition 218 Ballot and instructions for completion and return; and
- (5) How recipients may obtain further information about the petition and proposed district.

## **SEVERABILITY.**

If any provision or the application thereof to any person or circumstance shall be held invalid, such invalidity shall not affect any other provision or such other application of such provision which can be given effect without such provision

## **CITY PLANNING REFERRAL.**

(a) If an Ordinance of intent adopted proposes to finance acquisition, extension, widening, removal, relocation, vacation, abandonment, sale or change in the use of any public way, transportation route, ground, open space, building, or structure which requires referral to the Planning Department the Ordinance of intent shall be referred to the Planning Department for a report regarding conformity with the General Plan.

(b) If a Ordinance of intent is referred to the Planning Department pursuant to this Section, the department shall

## **ASSESSMENT LIMITATION.**

No amount proposed to be assessed upon any parcel for the construction of any improvement or the acquisition of any property for public use shall exceed the cost of the special benefits for that parcels from the district programs and services. The general benefits must be quantified and separated from the cost of the special benefits by a certified Engineer in the Engineer's Report attached to the Management District Plan. Assessment amounts shall satisfy any





ORDINANCE NO. **173167**

An ordinance amending Division 6 of the Los Angeles Administrative Code by adding Chapter 9, Sections 6.600 to 6.620 to facilitate establishment and maintenance of Property based Business Improvement Districts which will enable commercial property owners in the City of Los Angeles to request the establishment of a Property Business Improvement District in order to assess themselves for the special benefit to be conferred upon their real property.

**WHEREAS**, the California Street and Highways Code provisions for the establishment of a property owner based business improvement district requires that the property owners submit a petition signed by the property owners in the proposed district who will pay more than 50 percent of the assessments proposed to be levied; and

**WHEREAS**, the City Council believes that the 50 percent petition requirement may result in areas with a large percentage of absentee commercial property owners being denied the ability to vote on the merits of establishing a business improvement district; and

**WHEREAS**, the California Street and Highways Code provisions for the establishment of a property owner based business improvement district limit the maximum years in which an assessment can be levied to five; and

**WHEREAS**, the City Council believes that it would be in the best interests of some districts to plan for expenditures in excess of five years, such as for the maintenance of improvements; and

**WHEREAS**, the City Council has designated "special economic incentive zones" in order to concentrate resources for commercial revitalization purposes; and

**WHEREAS**, the City Council desires to enact an enabling ordinance to establish a pilot program in such "special economic incentive zones" which will reduce the necessary property owner participation in the petition to 30 percent and enlarge the maximum number of years in which an assessment can be established to ten (10) years; and

**WHEREAS**, the City of Los Angeles is a Charter City and the establishment of business improvement districts and the levying of assessments therefore is a municipal affair;

**NOW, THEREFORE:**

**THE PEOPLE OF THE CITY OF LOS ANGELES  
DO ORDAIN AS FOLLOWS:**

**Section 1.** Division 6 of Los Angeles Administrative Code is hereby amended by adding Chapter 9, Sections 6.600 through 6.620 as follows:

**CHAPTER 9**

Landscaping, Security, Programming and Maintenance District.

**Sec. 6.600. General Provisions.** Whenever the public interest or convenience may require, the Council of the City of Los Angeles, acting under the authority conferred upon it by the City Charter, shall have the power and authority to order the improvement, maintenance and activities of specifically defined commercial districts of the City within "special economic incentive zones". The City shall determine and declare the District to be benefitted by said improvement, maintenance and activities; and, to assess the cost and expenses of said improvements, maintenance and activities, including all expense incurred incidentally thereto, upon the lots or parcels of real property in proportion to the estimated benefits to be received. The procedures established herein shall be additional or alternative to any other procedure established by ordinance or State law and shall apply to any proposed District which complies herewith whether or not any of the procedures for formation required hereby is taken prior to the effective date of this ordinance. The election to proceed under this Article shall be expressed in the Ordinance of Intention to form the District which shall be referred to as a Landscaping, Security, Programming and Maintenance Property Business Improvement District ("LSPM PBID").

**Sec. 6.601. Definitions.**

1. "Improvement" means the acquisition, construction, installation, or maintenance of any tangible property with an estimated useful life of five years or more including, but not limited to, the following:

- a. Parking facilities;
- b. Benches, booths, kiosks, display cases, pedestrian shelters and signs, trash receptacles and public restrooms;
- c. lighting and heating facilities;

- d. decorations;
- e. fountains;
- f. planting areas;
- g. minor modification of existing streets;
- h. facilities or equipment or both, to enhance security of persons and property within the area; ramps, sidewalks, plazas, town centers or pedestrian malls;
- i. rehabilitation or removal of existing public structures;
- j. installation or planting of landscaping;
- k. the installation or construction of statuary, fountains and other ornamental structures and facilities;
- l. the installation or construction of any facilities which are appurtenant to any of the foregoing or which are necessary or convenient for the maintenance or servicing thereof, including, but not limited to, grading, clearing, removal of debris, the installation or construction of curbs, gutters, walls, sidewalks or paving, or water, irrigation, drainage or electrical facilities;

2. "Maintain" or "maintenance" means the furnishing of services and materials for the ordinary and usual maintenance, operation, and servicing of any improvement, including:

- a. repair, removal, or replacement of any part of the improvement;
- b. providing for the life, growth, health and beauty of landscaping including cultivation, irrigation, trimming, spraying, fertilizing, or treating for disease or injury;
- c. the removal of trimmings, rubbish, debris and other solid waste;
- d. the cleaning, sandblasting and painting of walls and other improvements to remove or cover graffiti.

3. "Activities" which benefit real property located in the district, means, but is not limited to, all of the following:

- a. promotion of public events which benefit businesses or real property in the district;
- b. furnishing of music in any public place within the district;
- c. promotion of tourism within the district;
- d. marketing and economic development, including business retention and recruitment;
- e. providing security, sanitation, graffiti removal, street and sidewalk cleaning and other municipal services supplemental to those normally provided by the municipality.

4. "Special economic incentive zones" means those areas of the City of Los Angeles which have been previously designated as, or are subsequently designated as: Los Angeles Neighborhood Initiative areas (LANI); Targeted Neighborhood Initiative areas (TNI); Transportation Oriented Districts (TOD); or are commercial or industrial census tracts with a poverty level of 20% or higher.

**Sec. 6.602. Establishment.** Upon the written petition, signed by the property owners in the proposed district who will pay more than 30% of the assessments proposed to be levied, the City Council may initiate proceedings to form a district by the adopting of an ordinance expressing its intention to form a district. The amount of assessment attributable to property owned by the same property owner which is in excess of 20% of the amount of all assessments proposed to be levied, shall not be included in determining whether the petition is signed by property owners who will pay more than 30% of the total amount of assessments proposed to be levied. The petition of property owners shall include the Management District Plan.

**Sec. 6.603. Management District Plan: Contents.** The Management District Plan to be submitted before the City Council can take any action on the establishment of a LSPM PBID under this Chapter shall contain all of the following:

1. A map of the district in sufficient detail to locate each parcel of property within the district;
2. The name of the proposed district;
3. A description of the boundaries of the district, including the boundaries of any benefit zones, proposed for the establishment or extension of the district in a manner sufficient to identify the lands included. Under no circumstances shall the boundaries of a proposed district overlap with the boundaries of another existing district created pursuant to this part. Nothing

in this part prohibits the boundaries of a district created pursuant to this part to overlap with other assessment districts established pursuant to other provisions of law including, but not limited to, the Parking and Business Improvement Area Law of 1989;

4. The improvements and activities proposed for each year of operation of the district and the maximum cost thereof;

5. The total annual amount proposed to be expended for improvements, maintenance and operations;

6. The proposed source or sources of financing including the proposed method and basis of levying the assessment in sufficient detail to allow each property owner to calculate the amount of the assessment to be levied against his or her property, including a statement setting forth the requirement to provide completion bonds for any improvements which are proposed to be constructed;

7. The time and manner of collecting the assessments;

8. Any proposed rules and regulations to be applicable to the district.

9. A statement, placed in a conspicuous place on the District Plan, stating that assessments for the maintenance of improvements constructed by the district, if any, shall continue to be levied on each parcel of land within the district for a period of time equal to the useful life of the improvement, as determined by the City Clerk, regardless of whether the district is disestablished or the term of the original levy has expired.

#### **Sec. 6.604. Procedures.**

1. The City Council shall identify all parcels which will have a special benefit conferred upon them and upon which an assessment will be imposed. The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of a public improvement or the maintenance and operation expenses of a public improvement or for the cost of the property service being provided. No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel. Only special benefits are assessable, and the City Council must separate the general benefits from the special benefits conferred on a parcel. Parcels within a district that are owned or used by any governmental agency, the State of California, or the United States shall not be exempt from assessments unless the City Council can demonstrate by clear and convincing evidence that such publicly owned parcels in fact receive no special benefit.

2. All assessments must be supported by a detailed engineer's report prepared by a registered professional engineer certified by the State of California.

3. The amount of the proposed assessment for each identified parcel shall be calculated and the record owner of each parcel shall be given written notice by mail of the proposed assessment, the total amount thereof chargeable to the entire district, the amount chargeable to the owner's particular parcel, the duration of such payments, the reason for such assessment and the basis upon which the proposed assessment was calculated together with the date, time and location of a public hearing on the proposed assessment.

4. Each notice shall also include, in a conspicuous place thereon, a summary of the procedures applicable to the completion, return and tabulation of the ballots required including a disclosure statement that the existence of a majority protest will result in the assessment not being imposed.

5. Each such notice mailed to owners of identified parcels within the district shall contain a ballot which includes the agency's address for receipt of any such ballot once completed by any owner receiving such notice whereby each such owner may indicate his or her name, reasonable identification or the parcel and support or opposition to the proposed assessment.

6. The City Council shall conduct a public hearing upon the proposed assessment not less than 45 days after mailing the notice of the proposed assessment to record owners of each identified parcel. At the public hearing, the agency shall consider all protests against the proposed assessment and tabulate the ballots. The City Council shall not impose an assessment if there is a majority protest. A majority protest exists if, upon the conclusion of the hearing, ballots submitted in opposition to the assessment exceed the ballots submitted in favor of the assessment. In tabulating the ballots, the ballots shall be weighted according to the proportional financial obligation of the affected property.

**Sec. 6.605. Ordinance of Intention: Contents.** Before the City Council can establish a LSPM PBID pursuant to this Chapter, the City Council shall pass an ordinance declaring its intention to do so. Such ordinance, in addition to all other matters it is herein required to contain; shall briefly describe the proposed improvements, state the period of time, which shall not exceed ten (10) years, for which the proposed improvements are to be made, and contain a description of the district to be benefited thereby and to be assessed to pay the costs and expenses thereof.

The Ordinance of Intention shall further do all of the following:

1. State that a LSPM PBID is proposed to be established pursuant to this Chapter and describe the boundaries of the proposed district and the boundaries of each separate benefit zone to be established within the district. The boundaries may be described by reference to the map and description contained in the Preliminary Report of the City Clerk on file in the Office of the City Clerk.

2. State the name of the proposed district.

3. State the type or types of improvements and activities proposed to be funded by the levy of assessments on property owners within the district, including any improvements to be acquired.

4. State the amount of the proposed assessment for the entire district, the duration of the payments, the reason for such assessment and the basis upon which the proposed assessment was calculated.

5. State the date, time and location of a public hearing on the proposed assessment.

6. Include a ballot as described in Sec. 6.604, above.

7. State, in a conspicuous place, a summary of the procedures applicable to the completion, return and tabulation of the ballots, including a disclosure statement that the existence of a majority protest will result in the assessment not being imposed.

8. State that at the public hearing the testimony of all interested persons for or against the establishment of the district, the boundaries of the district, or the furnishing of specified types of improvements or activities will be heard.

9. Refer to the Preliminary Report of the City Clerk on file in the Office of the City Clerk.

10. State the manner of collection of the assessment.

**Sec. 6.606. Preliminary Report of the City Clerk.** Before the City Council can take any action on such Ordinance of Intention, the City Clerk shall prepare and file a report in writing, proposing that the proceeding be commenced as requested in the petition, designating the plans and specifications of the proposed maintenance, improvements and activities for the proposed district and an estimate of the cost and expenses of said work for the each year during which the proposed work will be done;

including a certified engineer's report stating the district establishment is consistent with the provisions of Article XIII of the State Constitution in that each lot or parcel within said district to be assessed is being assessed in proportion to the estimated benefit to be received; and containing a diagram showing the boundaries of the proposed Assessment District and each lot or parcel of land within said district proposed to be assessed.

**Sec. 6.607. Approval by the City Council.** Upon a demonstrated show of support, through petition, of at least 30% of the weighted property owners who will pay into the proposed assessment district, the City Clerk will bring the issue of the proposed district to the City Council Committee on Community and Economic Development or such other committee as may be designated by the City Council. Upon review of the Clerk's office and approval of the Council Committee on Community and Economic Development, the proposed district with the Ordinance of Intention shall be sent to the City Council for consideration.

Upon the recommendations of the Community and Economic Development Community and the filing of said report, the City Clerk shall present the same to City Council for its consideration and the City Council may approve, correct or modify the same in any respect, or may direct the City Clerk to make changes therein. When said report has been approved, or approved as modified and corrected, the City Council may pass an ordinance declaring its intention to establish the district.

**Sec. 6.608. Ordinance of Intention Notice: Mail and Publication.**

(a) A complete copy of the Ordinance of Intention shall be mailed by first-class mail to each property owner in the proposed district, and to each local chamber of commerce and business organization known by the City Council to be located within the proposed district, no later than 45 days before the public hearing.

(b) In addition to first class mailed notice to each property owner, chamber of commerce and business organization within the proposed district, the City Council shall publish the Ordinance of Intention in a newspaper of general circulation in the City once, at least seven days before the public hearing.

**Sec. 6.609. Hearing of Protests; Majority Protest.** At any time prior to the date set for hearing protests, any person affected by the proposed assessment may make a written protest stating his or her objections thereto. Such protests must contain the information contained in the ballot mailed to the property owner in sufficient detail to allow the City Clerk to identify the owner, the parcel and the amount of the proposed assessment.

At the time set for hearing protests, or at any time to which the hearing may be continued, the City Council shall proceed to hear and pass on all such protests. The City Council shall not impose an assessment if there is a majority protest. A majority protest exists if, upon the conclusion of the hearing, ballots submitted in opposition to the



assessment exceed the ballots submitted in favor of the assessment. The ballots shall be weighed in proportion to the assessment upon the affected property.

**Sec. 6.610. Record of Notice and Map of Assessment District.** Following adoption of the Ordinance of Intention, the City Clerk shall record a notice and map describing the assessment district pursuant to California Streets and Highways Code Division 4.5 (commencing with section 3100). All the provisions of that Division 4.5 apply to the district established pursuant to this Chapter.

**Sec. 6.611. Establishment of District and Levying of Assessment.** Not earlier than 30 days after the adoption of the Ordinance of Intention to establish the proposed district, and if there is no majority protest as described in Sec. 6.609, and after the effective date of the Ordinance of Intention, the City Council shall adopt an Ordinance consistent with the Ordinance of Intention. The adoption of the Ordinance establishing the district and levying the assessment, or if the district has been previously established, levying the new assessment, and recordation of the notice and map pursuant to Sec. 6.610, above, shall constitute the levy of an assessment in each of the fiscal years referred to in the Management District Plan. This Ordinance shall contain all of the following:

1. A summary of the Management District Plan.
2. The number, date of adoption, and title of the Ordinance of Intention.
3. The time and place where the public hearing was held concerning the establishment of the district or the levying of a new assessment.
4. A determination regarding any protests received.
5. A statement that a LPM PBID has been established.
6. A statement that the improvements and activities to be provided in the district will be funded by the levy of assessments. The revenue from the levy of assessments within a district shall not be used to provide improvements or activities outside the district or for any purpose other than the purposes specified in the Ordinance of Intention, as approved, or as modified and approved, by the City Council at the hearing concerning the establishment of the district.
7. A finding that the property within the LSPM PBID will be benefitted by the improvements and activities funded by the assessment to be levied.
8. A statement, if applicable, that a completion bond will be required for any improvements constructed by the district and that a continuing assessment in an amount sufficient to maintain the improvement throughout

its useful life, as determined by the City Clerk, will be levied on each parcel within the district regardless of whether the district is disestablished or the term of the original levy has expired.

**Sec. 6.612. Contesting the Validity of an Assessment.** The validity of an assessment levied under the provisions of this Chapter shall not be contested in any action or proceeding unless the same is commenced within 30 days after the time said assessment is levied, and any appeal from a final judgment in such action or proceeding must be perfected within 30 days after entry of such judgment.

**Sec. 6.613. Administration.** The City Clerk shall administer the LSPM PBID. The City Clerk may contract with a non-profit corporation to manage the district on a day-to-day basis.

**Sec. 6.614. Special Fund Advance.** The City may advance funds for the first quarter of a new district so that the district can commence work prior to the initial collection of the assessments. The funds advanced will not exceed one quarter of the total assessment for the first year. The funds advanced will then be deducted from the first year's disbursement.

**Sec. 6.615. Collection of Assessment: Time and Manner.** The collection of assessments levied pursuant to this Chapter shall be made at the time and in the manner set forth by the City Council in the Ordinance of Intention. The assessment may be collected at the same time and in the same manner as for the ad valorem property tax, and may provide for the same lien priority and penalties for delinquent payment.

**Sec. 6.616. Advisory Board: Appointment and Duties.**

(a) Before adopting an ordinance establishing the district, the City Council shall appoint an advisory board which shall make a recommendation to the City Council on the expenditure of revenues derived from the levy of assessments, on the classification of properties applicable, and on the method and basis of levying the assessments. The City 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. At least one member of the advisory board shall be a business licensee within the district who is not also a property owner within the district.

(b) Any advisory board appointed by the City Council pursuant to subdivision (a) shall comply with provisions of the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division of Title 5 of the Government Code).

**Sec. 6.617. Advisory Board: Report, Contents.**

(a) The advisory board shall cause to be prepared a report for each fiscal year for which assessments are to be levied and collected to pay the costs of the improvements and activities described in the report. The report may propose changes, including, but not limited to, the boundaries of the LSPM PBID or any benefit zones within the district, the basis and method of levying the assessments, and any changes in the classification of property, if a classification is used.

(b) The report shall be filed with the City Clerk and shall refer to the LSPM PBID 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 information:

(1) Any proposed changes in the boundaries of the LSPM PBID or in any benefits zones within the district.

(2) The improvements and activities to be provided for that fiscal year.

(3) An estimate of the cost of providing the improvements and the activities for that fiscal year.

(4) 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.

(5) The amount of any surplus or deficit revenues to be carried over from a previous fiscal year.

(6) The amount of any contributions to be made from sources other than assessments levied pursuant to this part.

(c) The City Council may approve the report as filed by advisory board or may modify any particular contained in the report and approve it as modified. Any modification shall be made pursuant to Section 6.618, below. The City Council shall not approve a change in the basis and method of levying assessments that would impair an authorized or executed contract to be paid from the revenues derived from the levy of assessments.

**Sec. 6.618. Modification of Boundaries, Assessments, Improvements or Activities.**

**1. Request for modification of management district plan.** The advisory board may, at any time, request that the City Council modify the Management District Plan. Any modification of the Management District Plan shall be made pursuant to this Section 6.618.

**2. Modification by adoption of ordinance; written request of advisory board; hearing.**

(a) Upon the written request of the advisory board, the City Council may modify the Management District Plan by adopting an ordinance after holding hearings on the proposed modification pursuant to Sections 6.604, 6.605, 6.606, 6.608 and 6.609.

(b) The City Council shall adopt an ordinance of intention which states the proposed modification prior to the public hearing required by this section. The public hearing shall be held not more than 60 days after the adoption of the ordinance of intention. Notice of the public hearing shall be provided in Section 6.608. The public hearing shall be conducted as provided in Sections 6.609.

**3. Modification of improvements and activities funded; adoption of ordinance; hearing.**

(a) The City Council may modify the improvements and activities to be funded with the revenue derived from the levy of the assessments by adopting an ordinance determining to make the modifications after holding a public hearing on the proposed modifications. Notice of the public hearing and the proposed modifications shall be published as provided in Section 6.608.

(b) The public hearing shall be conducted as provided in Section 6.609.

**4. Subsequent modification of ordinance; reflection in notices and maps.** Any subsequent modification of the ordinance shall be reflected in subsequent notices and maps recorded pursuant to Division 4.5 (commencing with Section 3100 of the California Streets and Highways Code).

**Sec. 6.619. Dissolution of District.**

1. Any district established or extended pursuant to the provisions of this Chapter, where there is no indebtedness, outstanding and unpaid, incurred to accomplish any of the purposes of the district, may be disestablished by ordinance of the City Council in either of the following circumstances:

(a) If the City Council finds there has been misappropriation of funds, malfeasance, or a violation of law in connection with the management of the district, it shall notice a hearing on disestablishment. The notice and hearing shall be held pursuant to Sections 6.608 and 6.609.

(b) During the operation of the district, there shall be a 30-day period each year in which assesses may request disestablishment of the district. The first such period shall begin one year after the date of establishment of the district and shall continue for 30 days. The next such 30-day period shall begin two years after the date of the establishment of the district. Each successive year of operation of the district shall have such a 30-day period. Upon the written petition of the owners of real property in the area who pay 30 percent or more of the assessments levied, the City Council shall pass an ordinance of intention to disestablish the district. The City Council shall notice a hearing on disestablishment. The notice and hearing shall be held pursuant to Sections 6.608 and 6.609. In the event that the district has constructed any improvements, an amount of assessment equal to the amount needed to maintain said improvements through its useful life, as determined by the City Clerk, shall continue to be levied upon each parcel in the district after dissolution of the district.

2. The City Council shall adopt an ordinance of intention to disestablish the district prior to the public hearing required by this section. The ordinance shall state the reason for the disestablishment, shall state the time and place of the public hearing, and shall contain a proposal to dispose of any assets acquired with the revenues of the assessments levied within the property and business improvement district. The public hearing shall be held not less than 30 or more than 60 days after the adoption of the ordinance of intention. Notice of the public hearing shall be published as provided in Section 6.609.

3. Upon the disestablishment of a district, any remaining revenues derived from the levy of assessments, or any revenues derived from the sale of assets acquired with the revenues, shall be refunded to the owners of the property then located and operating within the district in which assessments were levied by applying the same method and basis that was used to calculate the assessments levied in the fiscal year in which the district was disestablished, other than amounts needed to maintain any improvements constructed by the district. If the disestablishment occurs before an assessment is levied for the fiscal year, the method and basis that was used to calculate the assessment levied in the immediate prior fiscal year shall be used to calculate the amount of refund.

4. Notice of the disestablishment of a district shall be published once in a newspaper of general circulation in the City, not later than 15 days after the ordinance disestablishing the district is adopted.

**Sec. 2.** The City Clerk shall certify to the passage of this ordinance and cause the same to be published in some daily newspaper printed and published in the City of Los Angeles.

I hereby certify that the foregoing ordinance was passed by the Council of the City of Los Angeles, at its meeting of MAR 31 2000.

J. MICHAEL CAREY, City Clerk

By *Howard Cook*  
Deputy

Approved APR 10 2000

*[Signature]*  
BY  
Mayor

Approved as to form and legality:

JAMES K. HAHN, City Attorney

By *Patricia V. Tubert*  
Patricia V. Tubert  
Senior Assistant City Attorney

File No. 98-0528  
~~98-0520-53~~