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December 7, 2022

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

Council Districts 14

REGARDING:

**THE FASHION DISTRICT (PROPERTY BASED) BUSINESS IMPROVEMENT
DISTRICT'S 2023 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") 2023 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 the Property and Business Improvement District Law of 1994, California Streets and Highways Code Section 36650, 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 2023 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 June 29, 2018 by and through the City Council's adoption of Ordinance No. 185643 which confirmed the assessments to be levied upon properties within the District, as described in the District's Management District Plan. The 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 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 an contributions to be made from sources other than assessments levied.

The attached Annual Planning Report, which was approved by the District's Board at their meeting on November 17, 2022, 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

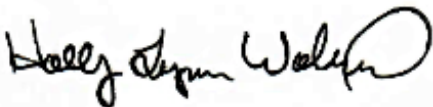
There is no impact to the General Fund associated with this action.

RECOMMENDATIONS

That the City Council:

1. FIND that the attached Annual Planning Report for the Fashion District Business Improvement District's 2023 fiscal year complies with the requirements of the State Law
2. FIND that the increase in the 2023 budget concurs with the intentions of the Fashion District 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 Fashion District Business Improvement District's 2023 fiscal year, pursuant to the State Law.

Sincerely,



Holly L. Wolcott

City Clerk

Attachment:

Fashion District Business Improvement District's 2023 Fiscal Year Annual Planning Report

December 7, 2022

Holly L. Wolcott, City Clerk
Office of the City Clerk
200 North Spring Street, Room 395
Los Angeles, CA. 90012

Subject: Fashion District PBID 2023 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 on November 17, 2022.

This report covers proposed activities of the Fashion District BID from January 1, 2023 through December 31, 2023.

Sincerely,

Anthony Rodriguez

Anthony Rodriguez
Executive Director
Los Angeles Fashion District

Fashion District
Business Improvement District

2023 Annual Planning Report

District Name

Fashion District

Fiscal Year of Report

The report applies to the 2023 Fiscal Year. The District Board of Directors approved the 2023 Annual Planning Report at the November 17, 2022 Board of Director's meeting.

Boundaries

There are no changes to the District boundaries for 2023.

Benefit Zones

There are no changes to the District's benefit zone(s) for 2023.

2023 IMPROVEMENTS, ACTIVITIES AND SERVICES

Clean & Safe: \$5,486,969.56 (71.54%)

Fashion District Enhanced Safe Programs:

- Bicycle Patrol
- Night Vehicle Patrol
- Foot Patrol

Fashion District Enhanced Clean Programs:

- Sidewalk Sweeping
- Sidewalk Pressure Washing
- Graffiti & Handbill Removal
- Trash Removal
- Landscape programs
- Tree Trimming

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The Fashion District does tree trimming on an every 3rd year cycle. Next tree trimming is planned for year 2024. Last tree trimming was done in 2021.

Communication: \$665,106.00 (8.67%)

Fashion District Communication Programs:

- Destination Marketing

- Economic Development
- Media Relations
- Advocacy
- District Stakeholder Communications

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Management/City Fees/Delq Assmts: \$673,158.00 (8.78%)

Management staff expenses are allocated according to generally accepted accounting job costing procedures and are allocated to the specific areas in which staff works. The improvements and activities are managed by a professional staff that requires centralized administrative support. Management staff oversees the District’s services which are delivered seven days a week.

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Management staff actively works on behalf of the District parcels to ensure that City and County services and policies support the District. Included in this section are office expenses, professional services, organizational expenses such as insurance, the cost to conduct a yearly financial audit, City fees to process and collect the assessments, and reserves for uncollectible assessments and depreciation.

Santee Alley Overlay: \$844,472.00 (11.01%)

In addition to the clean, safe and communication services provided to each individually assessed parcel, the Santee Alley property owners defined as Santee Alley Overlay 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. Parcels that are within the Santee Alley Overlay pay the overall BID assessment in addition to the overlay assessment.

Total Estimate of Cost for 2023

A breakdown of the total estimated 2023 budget is attached to this report as **Appendix A.**

Method and Basis of Levying the Assessment

The basis of levying the proposed Fashion District BID's annual assessment is based on one (1) zone of benefit and one overlay area within that zone. Assessments are composed of street front footage, lot square footage and building square footage. The assessment rates for 2023 are:

frontage \$11.9514
parcel area \$0.1209
bldg area \$0.0820
santee alley overlay \$394.3602

(There is a 3.0% CPI increase for 2023)

Surplus Revenues: \$1,138,085.00

The District started the calendar year 2022 with \$1,326,351 net surplus revenues carried over from 2021, and it is estimated to end 2022 with approximately \$1,138,085. This represents a net decrease of \$188,266. BID Services were not disrupted as a result of this surplus.

The District spent \$383,000 of the \$409,000 spend-down plan allocated for the calendar year 2022. \$26,000 remained for the Santee Alley Electrical Gates project not spent due to issues obtaining permits; these funds are being re-budgeted in 2023. The remaining balance of the 12/31/2021 surplus is \$943,351, which is the \$1,326,351 12/31/2021 surplus balance less the \$383,000 spent in 2022.

In 2022 the District is estimated to generate a \$194,734 surplus. The \$197,734 surplus is caused by expenditures estimated to be \$108,211 less than budgeted, plus revenues collected estimated to be \$86,523 more than budgeted.

The 2022 total expenditures estimated to be \$108,211 less than budgeted consist of: Clean and Safe are estimated to be \$141,982 less than budgeted mainly due to Safe Team labor staffing difficulties and to no capital equipment purchases needed in 2022. Communication is estimated to be \$55,038 less than budgeted mainly due to the Marketing Director position being vacant in January and February and the Marketing Coordinator position being eliminated effective 3/1/2022. Management is estimated to be \$88,809 over budget mainly due to unexpected legal costs regarding a lawsuit and higher insurance costs.

The 2022 total revenues estimated to be \$86,523 more than budgeted consist of: collection of \$63,854 unbudgeted prior years' arrears assessments and penalties, plus \$22,669 unbudgeted non-assessment revenues primarily investment interest.

The District plans to use the estimated \$1,138,085 surplus revenues balance as of 12/31/2022 in the remaining 4 years of the BID period as outlined in the following spend-down plan, subject to annual re-assessment of priorities and dependent on the level of assessment funding received in the coming 4 years.

- \$287,000 (25% of the estimated 12/31/2022 surplus) Applied to the 2023 Budget: \$26k for the Santee Alley Electric Gates project, \$52k for seasonal decorations of the 9th & Main Street Median and for the upkeep of the wayfinding wrapped utility boxes put in place in

2022, \$169k to fund the trucks, equipment (and related operating costs) provided by the Clean and Safe vendor (the District is working towards having the Clean and Safe vendors provide more of the trucks and equipment), and \$40k for Field Office Capital Improvements. If some of these funds remain unutilized at the end of 2023, the plan will be to reallocate those funds for final spend-down in 2024.

- \$571,085 (50% of the estimated 12/31/2022 surplus) Capital Equipment Purchases and/or Leases in years 2024-2026 (we will be replacing the trash collector, graffiti and pressure-washing trucks, patrol vehicles, bicycles, computers & radios needed to perform the Clean and Safe Programs). The District owns outright and capitalizes trucks and other equipment; thus, it needs to accumulate and set aside funds to replace the trucks and equipment as they become obsolete. The current capitalized value of the District's trucks and other equipment is \$715k.

- \$180,000 Tree-Trimming in year 2024 - trees are trimmed on an every 3rd year cycle; thus, it is not a recurring annual expenditure. The last tree trimming was done in 2021.

- \$100,000 BID Renewal in years 2025-2026 - BID renewal normally occurs in the last 2 years of each BID period; thus, it is not a recurring annual expenditure.

The Board of Directors approved a 3% increase (4% for the Overlay) to the 2023 assessment rates in order to keep up with increasing costs, especially in labor, to provide the program services. The COVID pandemic and its aftermath caused entry-level wages to continue to increase significantly. Additionally, inflation in the Los Angeles area was up 7.5% year over year as of October 2022. The 2023 budget assumed a 10% pay increase for entry-level Safe Team personnel to remain competitive in order to retain and attract service personnel.

Anticipated Deficit Revenues

There are no deficit revenues that will be carried over to 2023.

Contribution from Sources other than assessments: \$216,223.80

Penalties & Interest Assessed by County on Late Payments \$20,000.00

Interest Income (Investments) \$43,460.00

Other Misc. Revenue \$4,000.00

Sub-Total - Other Revenues \$67,460.00

General Benefit Funds (from Regular Assessments) \$129,330.28

General Benefit Funds (from Santee Alley Overlay Assessments) \$19,433.52

Sub-Total - General Benefit Funds * \$148,763.80

Grand Total \$216,223.80

* Assumes that the City of LA will continue to pay the estimated General Benefit Component within the Service Programs as it has in the past

APPENDIX A- TOTAL ESTIMATED REVENUES/EXPENDITURES FOR THE Fashion District BID- FY 2023

2023 Assessments	\$6,315,396.76	
Estimated Carryover from 2022	\$1,138,085.00	
Other Income	\$216,223.80	
Total Estimated Revenues	\$7,669,705.56	
2023 Estimated Expenditures		Pct.
Clean & Safe	\$5,486,969.56	71.54%
Communication	\$665,106.00	8.67%
Management/City Fees/Delq Assmts	\$673,158.00	8.78%
Santee Alley Overlay	\$844,472.00	11.01%
Total Estimated Expenditures	\$7,669,705.56	100%