

Attachment 2

**Modified  
Arts District Los Angeles  
Business Improvement District  
Management District Plan**

**For  
A Property Based  
Business Improvement District  
In the Arts District Los Angeles**

**July 2014**

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**Section 1  
Management District Plan Summary**

The name of the new Property-based Business Improvement District is the Arts District Los Angeles Business Improvement District (the "District"). The District is being established pursuant to Section 36600 et seq. of the California Streets and Highways Code, The "Property and Business Improvement District Law of 1994 as amended", hereinafter referred to as State Law.

Developed by the Arts District Los Angeles Business Improvement District Steering Committee, the modified Arts District Los Angeles Business Improvement District Management Plan is proposed to improve and convey special benefits to properties located within the Arts District Los Angeles Business Improvement District area. In order to reflect the actual date at which programs and services were begun in the District, the Board of Directors of the Owners Association have elected to modify this plan. The modified plan changes the start date of the District from January 1, 2014 to June 1, 2014 and changes the end date of the District to May 31, 2019. If this modified management district plan is not approved for any reason, then the previously approved management district plan will remain in effect. The District will provide new and continued improvements and activities, including Clean/Safe, and Management. Each of the programs is designed to meet the goals of the District; to improve the safety of each individual parcel within the District, to increase building occupancy and lease rates, to encourage new business development; and attract ancillary businesses and services for parcels within the District.

**Boundary:** See Section 2, Page 6.

**Budget:** The total District budget for the 2014 year of operation is approximately \$1,122,536.

**Improvements, Activities, Services:**

**CLEAN & SAFE, \$835,580 75%**

**Enhanced Safe Programs:**

An Arts District Los Angeles Business Improvement District Safe Team to address crime prevention for parcels in the District may consist of:

- Bicycle Patrol
- Night Vehicle Patrol
- Foot Patrol

**Enhanced Clean Programs may consist of:**

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

<b>MANAGEMENT/ADMINISTRATION OFFICE EXPENSE</b>	<b>\$214,828</b>	<b>19%</b>
<b>CONTINGENCY &amp; CITY FEES</b>	<b>\$72,128</b>	<b>6%</b>

**Method of Financing:** A levy of special assessments upon real property that receives special benefits from the improvements and activities. (See Section 4, for assessment methodology)

**Benefit Zones:** The State Law and State Constitution Article XIID require that special assessments be levied according to the special benefit each assessed parcel receives from the improvements. In order to match assessment rates to special benefits, all property within the Arts District Los Angeles Business Improvement District is assessed using the same assessment methodology. There is only one zone.

**Cost:** Annual assessments are based upon an allocation of program costs and a calculation of assessable footage. Two property assessment variables, parcel square footage, building square footage, will be used in the calculation. Assessment rates in this modified plan are identical to the rates in the original plan. The 2014 year assessments per assessment variable will not exceed amounts listed in the following chart:

Parcel Square Foot Assessment Rate	\$0.06644
Building Square Foot Assesement Rate	\$0.08755

**Cap:** Assessment annual increases cannot exceed 5% per year. Increases will be determined by the business improvement district Owners' Association Board of Directors and will vary between 0 and 5% in any given year. Any change will be approved by the owners association board of directors and submitted to the City within its annual planning report.

Assessments may be reduced by action of the owners association in any given year. Assessments so reduced may increase in the following year more than the 5% up to the maximum rate defined for that year in the charts on page 12 and 16.

The cost of providing programs and services may vary depending on the market cost for those programs and services. Expenditures may require adjustment up or down to continue the intended level of programs and services. The owners association shall have the right to reallocate up to 10% of the budget allocation by line item within the budgeted categories. The management/administration line item may only be increased by the annual increase subject to the 5% cap and cannot be increased through the 10% budget reallocation. Any change will be approved by the owner's association board of directors and submitted to the City of Los Angeles within its annual planning report. Pursuant to Section 36650 of the California Streets and Highways Code. The overall budget shall remain consistent with this Management District Plan.

**District Formation:** District formation requires submission of favorable petitions from property owners representing more than 50% of total assessments to be paid and the return of mail ballots evidencing a majority of ballots cast in favor of the assessment. Ballots are weighted by each property owner's assessment as proportionate to the total proposed District

assessment amount.

**Duration:** The District will have a modified 5-year life beginning June 1, 2014 and ending May 31, 2019. The original management district plan listed the district duration from January 1, 2014 to December 31, 2018. District services did not begin until June 1, 2014. The management district plan has been modified to reflect the operational start date and add an additional five (5) months to the District term in order to maintain the 5 year or 60 month term of the District. Assessments collected for the 2014 year will be expended during the period June 1, 2014 to December 31, 2014. The balance of 2014 assessments not expended in 2014 will be retained and carried forward to be used for program expenses in the period January 1, 2019 to May 31, 2019. 2014 Assessments carried forward will be itemized each year in the annual report to the City of Los Angeles.

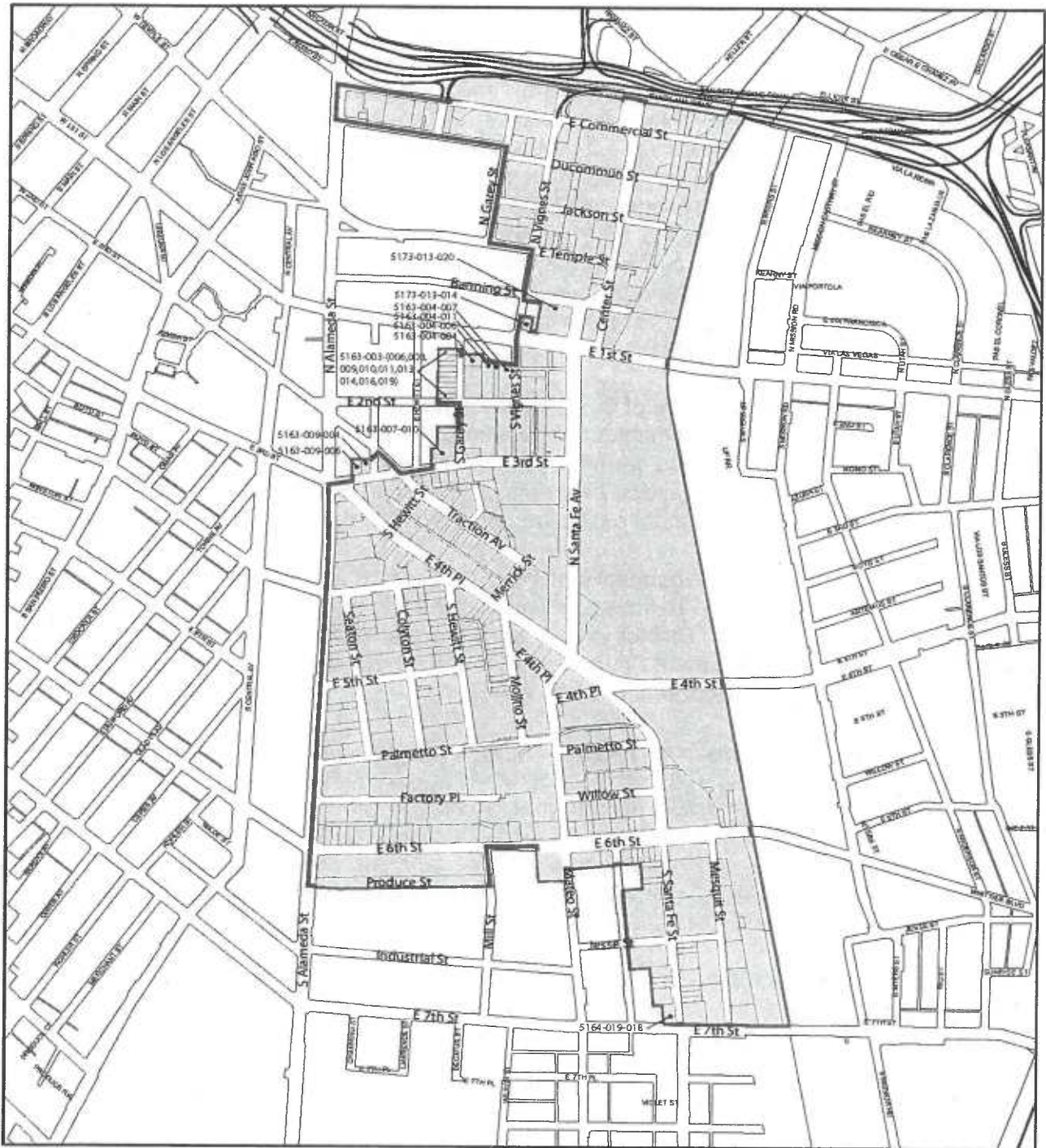
**Governance:** The Owners' Association will review District budgets and policies annually within the limitations of the Management District Plan. Annual and quarterly reports, financial statements and newsletters will be filed with the City of Los Angeles (City). The Owners' Association will oversee the day-to-day implementation of services as defined in the modified Management District Plan.

## Section 2

### Arts District Los Angeles Business Improvement District Boundaries

The Arts District Los Angeles Business Improvement District includes all property within a boundary formed by: (Also see map on page 7)

The proposed Arts District Los Angeles Business Improvement District area contains all property within the following boundary description: Beginning on the southeast corner of Alameda Street and the 101 Freeway go east along the southern boundary of the 101 Freeway right of way to the Los Angeles River. At the Los Angeles River go south along the western boundary of the Los Angeles River to 7<sup>th</sup> Street. Turn west on 7<sup>th</sup> along the south property line of properties on the north side of 7<sup>th</sup> Street to the intersection with the west property line of parcel 5164-019-018. Turn north along the west parcel line of parcels facing on the west side of Santa Fe Avenue to the intersection with the south parcel line of parcels facing on the south side of 6<sup>th</sup> Street. Turn west along the south parcel line of parcels facing on the south side of 6<sup>th</sup> Street to the intersection with Alameda Street. Go north on Alameda St to the intersection at 3<sup>rd</sup> Street. At 3<sup>rd</sup> St. turn eastbound, then north along the western boundary of parcel 5163-009-006. Go west along the northern property line of parcels 5163-009-006 and 004. Go north on Rose St until the intersection of Traction Avenue. Go southeast on Traction, then turn east along 3<sup>rd</sup> Street until the western property line of parcel 5163-007-010. Turn north at the western property line of parcel number 5163-007-010, follow this to the northern property line of parcel 5163-007-010. Turn east along the north property line of parcel 5163-007-010 to Garey Street. Turn north on Garey St to the intersection with 2<sup>nd</sup> Street. Turn west on 2<sup>nd</sup> Street until parcel 5163-003-019. Turn north along the western property lines of parcels 5163-003-019, 016, 014, 013, 011, 010, 009, 008, 006. Go east along the northern property line of parcel 5163-003-006. Continue east across Garey St. along the northern property lines of parcels 5163-004-004, 006, 011, and 007. Turn north on Vignes Street through the intersection at 1<sup>st</sup> Street. Continue north on Vignes St. to parcel 5173-013-014 and turn east along the northern property line of this parcel, then south along the eastern line of this parcel. Turn east on 1<sup>st</sup> Street to the western property line of 5173-013-020, then north along that parcels western property line to Banning Street. Turn west on Banning St., then north on Vignes St. to Temple Street. Go west on Temple until Garey St. Go north on Garey St. to Ducommun Street. Go west on Ducommun St. until Alameda St. Turn north on Alameda Street until the beginning point at the intersection with the 101 Freeway.



B.I.D. PROPERTIES (PROPERTY BASED)  
 B.I.D. BOUNDARY

**ARTS DISTRICT PROPERTY BASED  
 BUSINESS IMPROVEMENT DISTRICT**



BUSINESS IMPROVEMENT DISTRICT

Not to Scale

## **District Boundary Rationale**

The property uses within the general boundaries of the Arts District Los Angeles Business Improvement District are a mix of small industrial, retail, education, religious, parking, office and live-work. Services and improvements provided by the District are designed to provide special benefits to the individually assessed primarily small industrial, retail, education, religious, parking, office and live-work in the form of improving the economic and environmental vitality by increasing building occupancy and lease rates, encouraging new business development, attracting residential serving businesses and services that provide a special benefit to live-work, attracting office tenants, attracting retail customers and encouraging commerce. All of the services provided such as the safety work provided by the Safe Team and the cleaning work provided by the Clean Team are services that are over and above the City's baseline of services and are not provided by the City. These services are not provided outside of the District because of the unique nature of these services focusing on the particular needs of each assessed parcel within the District. These services provide particular and distinct benefits to each of the assessed parcels within the District.

In order to ensure that parcels outside of the District will not specially benefit from the improvements and services funded with the assessment, improvements and services will only be provided to individual assessed parcels within the boundaries of the District. Specifically, safety patrols, cleaning / sanitation personnel, and similar service providers employed in connection with the District will only patrol and provide services to individual assessed parcels within the District.

Northern Boundary: The northern boundary of the Arts District Los Angeles Business Improvement District is the 101 Freeway. The 101 Freeway acts as a barrier on the northern boundary and acts to insure that parcels outside of the District will not specially benefit from the unique improvements and services funded with the assessment. Improvements and services will only be provided to individual assessed parcels within the boundaries of the District.

Eastern Boundary: The eastern boundary of the Arts District Los Angeles Business Improvement District is the Los Angeles River. The Los Angeles River acts as a barrier in order to ensure that parcels outside of the District will not specially benefit from the unique improvements and services funded with the assessment. Improvements and services will only be provided within the boundaries of the District. Specifically, security patrols, maintenance personnel, and similar service providers employed in connection with the District will only patrol and provide services to individual assessed parcels on the streets and sidewalks within the District, and will not provide services outside of District boundaries.

Southern Boundary: The southern boundary of the Business Improvement District was determined by the mix of uses of the parcels south of the District boundaries. The parcels south of the District boundaries are primarily large industrial uses, rather than retail, live-work, and small industrial uses within the district to the north. Large industrial use parcels have limited access points, are entirely inward focused and generally do not interact with the community around them and do not generate business from the District. A cleaner and safer community around these large industrial uses will not provide special benefit in the form of increased commerce or lease rates. They will not benefit from the District programs that are designed to provide special benefits to retail, education, religious, parking, office and small industrial uses. Small industrial use parcels tend to have several tenants on one parcel and several access points. Small industrial use parcels generally interact with the community around them and generally generate a portion of their business from the District. A cleaner and safer community around these small industrial uses will provide special benefit in the form of increased likelihood of



increased commerce and lease rates. In order to ensure that parcels outside of the District will not specially benefit from the unique improvements and services funded with the assessment, improvements and services will only be provided within the boundaries of the District. Specifically, security patrols, maintenance personnel, and similar service providers employed in connection with the District will only patrol and provide services to individual parcels on the streets and sidewalks within the District, and will not provide services outside of District boundaries.

Western Boundary: The western boundary of the Arts District Los Angeles Business Improvement District south of 3<sup>rd</sup> Street is Alameda Street which is a very high volume truck route acting as a barrier between parcels on the west side and parcels on the east side of Alameda Street (within the District). South of 3<sup>rd</sup> Street the western boundary of the Arts District Los Angeles abuts the eastern boundary of the Downtown Industrial Business Improvement District (BID) which provides improvements and activities similar to those proposed to be provided by the Arts District Los Angeles Business Improvement District. North of 3<sup>rd</sup> Street the western boundary of the Arts District Los Angeles abuts the eastern boundary of the Little Tokyo Business Improvement District (BID) which provides improvements and activities similar to those proposed to be provided by the Arts District Los Angeles Business Improvement District. Additionally, State law indicates that proposed districts, such as the Arts District Los Angeles BID, cannot expand into existing, established PBID district boundaries, such as the adjacent Downtown Industrial BID.

In order to ensure that parcels outside of the District will not specially benefit from the unique improvements and services funded with the assessment, improvements and services will only be provided within the boundaries of the District. Specifically, security patrols, maintenance personnel, and similar service providers employed in connection with the District will only patrol and provide services to individual parcels on the streets and sidewalks within the District, and will not provide services outside of District boundaries.