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December 8, 2016
Honorable Members of the City Council
City Hall, Room 395
200 North Spring Street
Los Angeles, California 90012

Council Districts 14

REGARDING:

THE ARTS DISTRICT LOS ANGELES (PROPERTY BASED) BUSINESS IMPROVEMENT DISTRICT'S 2017 FISCAL YEAR ANNUAL PLANNING REPORT

Honorable Members:

The Office of the City Clerk has received the Annual Planning Report for the Arts District Los Angeles Business Improvement District's ("District") 2017 fiscal year (CF 13-1525). 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 Arts District Los Angeles Business Improvement District's Annual Planning Report for the 2017 fiscal year is presented with this transmittal for City Council's consideration as "Attachment 1."

BACKGROUND

The Arts District Los Angeles Business Improvement District was established on February 26, 2014 by and through the City Council's adoption of Ordinance No. 182910 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 District's total budget has increased due to a rollover of unspent funds from previous BID years. 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 October 14, 2016, 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 Arts District Los Angeles Business Improvement District's 2017 fiscal year complies with the requirements of the State Law
2. FIND the the increase in the 2017 budget concurs with the intentions of the Arts District Los Angeles 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 Arts District Los Angeles Business Improvement District's 2017 fiscal year, pursuant to the State Law.

Sincerely,



Shannon D. Hoppes
Executive Officer

Attachment:

Arts District Los Angeles Business Improvement District's 2017 Fiscal Year Annual Planning Report

December 8, 2016

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

Subject: Arts District Los Angeles PBID 2017 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 Arts District Los Angeles Business Improvement District has caused this Arts District Los Angeles Business Improvement District Annual Planning Report to be prepared at its meeting on October 14, 2016.

This report covers proposed activities of the Arts District Los Angeles BID from January 1, 2017 through December 31, 2017.

Sincerely,



Dilip Bhavnani
President
Arts District Los Angeles

Arts District Los Angeles
Business Improvement District

2017 Annual Planning Report

District Name

This report is for the Arts District Los Angeles Business Improvement District (District). The District is operated by Arts District Los Angeles Incorporated, a California non-profit corporation.

Fiscal Year of Report

The report applies to the 2017 Fiscal Year. The District Board of Directors approved the 2017 Annual Planning Report at the October 14, 2016 Board of Director's meeting.

Boundaries

There are no changes to the District boundaries for 2017.

Benefit Zones

There are no changes to the District's benefit zone(s) for 2017.

2017 IMPROVEMENTS, ACTIVITIES AND SERVICES

Clean and Safe: \$1,228,881.00 (75.00%)

Safe Team Program

The Safety Program will provide public safety services for the individual assessed parcels located within the District. The Safe Team Program is intended to deter nuisance and illegal activities such as but not limited to, public urination, indecent exposure, trespassing, drinking in public, prostitution, illegal panhandling, illegal vending, and illegal dumping. The Safety Team will patrol the District on bicycles, in a vehicle and on foot. The existence of this program is to supplement, not replace, public safety service provided by the Los Angeles Police Department (LAPD). The enhanced safety services provided to the Arts District will only be delivered to the assessed properties within the District Boundaries.

These public safety security services are a special benefit to individually assessed parcels because they will increase the likelihood of improved lease rates and tenant occupancy. Crime, belligerent people and other illegal activities will deter customers from visiting the district and deter residents from living in the District. By providing safety services, the Safety Team will be able to deter nuisance and illegal activities, increasing the commercial activity, increasing visitors and support business patronage. The Safety Team operates 24 hours a day and 7 days a week. The Safety Team is outfitted with blue and black uniforms with the Arts District Los Angeles BID logo prominently displayed.

Clean Program

The Clean Program provides street maintenance services for the individual assessed parcels located within the District. The Clean Program is intended to ensure sidewalks, gutters, visible walls and the public right-of-way are kept clear of blight and debris. A multi-dimensional approach, consisting of sidewalk cleaning, trash collection, graffiti removal, pressure washing, and light landscaping will be implemented toward this end. The Clean Program will operate seven days a week from 7:00 AM to 4:00 PM. The Clean Team is outfitted with blue and black uniforms with the Arts District Los Angeles BID logo prominently displayed. Only assessed parcels within the District boundaries will receive these services.

The special benefit to assessed parcels from these services is an increased likelihood of improved lease rates and tenant occupancy. A clean, warm, welcoming, walkable neighborhood will increase the likelihood of commercial activity, increase customers and an increase in residential serving businesses.

Management / Administration: \$311,317.00 (19.00%)

The Arts District Los Angeles (ADLA) is managed by a professional staff consisting of one part-time employee and the Executive Director. The Management Staff oversees operations, communications, administrative services and property owner relations. Additionally, the management staff actively works on behalf of the District parcels to ensure City and County services and policies support the District. The Management staff also ensures that ADLA is satisfying all City reporting requirements. The special benefit to assessed parcels from these services is an effective and efficient delivery of District services because of management staff oversight.

Contingency / City Fees: \$98,311.03 (06.00%)

Included in this budget item are City fees to collect and process the assessments, a reserve for uncollectible assessments, depreciation and funding to repay, over the five year life of the District, loans of \$75,000 that were incurred to finance District establishment costs.

The cost for contingency and City fees in 2016 is \$98,311.03. City fees are \$32,770.18 and contingency reserved for uncollectible assessments is \$65,540.85

Total Estimate of Cost for 2017

A breakdown of the total estimated 2017 budget is attached to this report as **Appendix A.**

Method and Basis of Levying the Assessment

The method and basis of levying the 2017 assessment remains the same as listed in the

Management District Plan. The Management District Plan allows for maximum annual assessment increase of 5%. The Board voted for no increase for 2017.

Arts District Los Angeles 2017 assessment rates

Lot \$0.0684

Building \$0.0902

(There is No CPI increase for 2017)

Surplus Revenues: \$440,108.29

At the end of 2016, the Arts District Los Angeles Business Improvement District (ADLA) anticipates having a surplus of approximately \$440,108.29, which will be rolled over into the 2017 budget. This surplus was created from a combination of factors ranging from a cost savings in Safety expenses, a cost savings in Administration Services, and unanticipated revenue from new constructions.

Each year since, its inception, ADLA has received unanticipated revenue from newly constructed developments. Because this unanticipated funding is not usually received until the middle of the year, these funds do not get allocated and go unspent. Additionally, the unanticipated funds that are received are usually generated from large developments, so the amount of unanticipated revenue that ADLA receives is significant. Another reason for ADLA's surplus is due to Safety staffing challenges.

Since year one of operations ADLA has struggled to fully staff our Safety program. The understaffing of the ADLA Safety program is partly due to the rising minimum wage among other factors. ADLA Management has taken some aggressive steps this year to ensure 100% of our allocated Safety funding will be spent, including raising wages and creating strategic positions within the Safety program to ensure employee longevity. The last factor leading to the creation of ADLA's surplus is the Board of Director's conservative policy toward Administration.

Since ADLA's reestablishment in 2014, it has had to navigate a hostile political landscape. As a result, the ADLA Board of Directors has taken a very conservative approach to management of the Arts District BID in order to avoid future conflict. This conservative approach has lead to minimal spending in Administration, which has created a cost savings in the Administration category.

Anticipated Deficit Revenues

There are no deficit revenues that will be carried over to 2017.

Contribution from Sources other than assessments: \$14,261.26

The Arts District Los Angeles BID expects to collect \$14,261.26 from the City of Los Angeles for general benefit costs.

APPENDIX A- TOTAL ESTIMATED REVENUES/EXPENDITURES FOR THE Arts District Los Angeles BID- FY 2017

2017 Assessments	\$1,183,779.74	
Estimated Carryover from 2016	\$440,108.29	
Other Income	\$14,621.00	
Total Estimated Revenues	\$1,638,509.03	
2017 Estimated Expenditures		Pct.
Clean and Safe	\$1,228,881.00	75.00%
Management / Administration	\$311,317.00	19.00%
Contingency / City Fees	\$98,311.03	06.00%
Total Estimated Expenditures	\$1,638,509.03	100%