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May 7, 2020

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 LA (PROPERTY BASED) BUSINESS IMPROVEMENT
DISTRICT'S 2020 FISCAL YEAR ANNUAL PLANNING REPORT

Honorable Members:

The Office of the City Clerk has received the Annual Planning Report for the Arts District LA Business Improvement District's ("District") 2020 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 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 Arts District LA Business Improvement District's Annual Planning Report for the 2020 fiscal year is presented with this transmittal for City Council's consideration as "Attachment 1."

BACKGROUND

The Arts District LA Business Improvement District was established on January 3, 2019 by and through the City Council's adoption of Ordinance No. 185603 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 15, 2019, 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

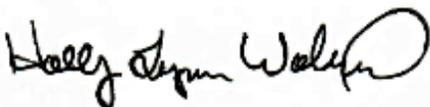
There is no impact to the General Fund associated with this action.

RECOMMENDATIONS

That the City Council:

1. FIND that the attached Annual Planning Report for the Arts District LA Business Improvement District's 2020 fiscal year complies with the requirements of the State Law
2. FIND that the increase in the 2020 budget concurs with the intentions of the Arts District LA 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 LA Business Improvement District's 2020 fiscal year, pursuant to the State Law.

Sincerely,



Holly L. Wolcott

City Clerk

Attachment:

Arts District LA Business Improvement District's 2020 Fiscal Year Annual Planning Report

May 7, 2020

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

Subject: Arts District LA PBID 2020 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 LA Business Improvement District has caused this Arts District LA Business Improvement District Annual Planning Report to be prepared at its meeting on November 15, 2019.

This report covers proposed activities of the Arts District LA BID from January 1, 2020 through December 31, 2020.

Sincerely,

Miguel Vargas

Miguel Vargas

Arts District Los Angeles

Arts District LA
Business Improvement District

2020 Annual Planning Report

District Name

Arts District Los Angeles

Fiscal Year of Report

The report applies to the 2020 Fiscal Year. The District Board of Directors approved the 2020 Annual Planning Report at the November 15, 2019 Board of Director's meeting.

Boundaries

There are no changes to the District boundaries for 2020.

Benefit Zones

There are no changes to the District's benefit zone(s) for 2020.

2020 IMPROVEMENTS, ACTIVITIES AND SERVICES

Clean & Safe: \$1,485,714.00 (78.79%)

The Arts District Los Angeles Business Improvement District Enhanced Safe Program consists of:

- Bicycle Patrol
- Night Vehicle Patrol
- Foot Patrol
- Segway Patrol

The Arts District Los Angeles Business Improvement District Enhanced Clean Program consists of:

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

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Street maintenance services are provided by Chrysalis Enterprises and will continue in 2020. Clean Team members work 7 days per week from 7 a.m. to 4 p.m. The team is outfitted in blue and black uniforms with the Arts District Los Angeles BID logo prominently displayed. The Clean Team empties trashcans, picks up litter, removes graffiti, pressure washes

sidewalks and performs light landscaping in the district.

Public Safety services are provided by Allied Universal and will continue in 2020. The Safety Team patrols 24 hours a day and 7 days a week. The team patrols on foot, via bicycle and in a vehicle. The team is outfitted with blue and black uniforms with the Arts District Los Angeles BID logo prominently displayed.

Management/Administration/City Fees/Delq Assmts : \$400,000.20 (21.21%)

The Arts District Los Angeles Business Improvement District 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.

Total Estimate of Cost for 2020

A breakdown of the total estimated 2020 budget is attached to this report as **Appendix A**.

Method and Basis of Levying the Assessment

The basis of levying the Arts District Los Angeles PBID's annual assessment is based on one zone of benefit only and an allocation of program costs as described Management District Plan and are a calculation of assessable footage. Two (2) property assessment variables, parcel square footage and building square footage are used in the calculation.

The assessment rates for 2020 are:
Building Area \$0.0792
Land Area \$0.0694

(There is No CPI increase for 2020)

Surplus Revenues: \$299,731.70

Surplus Language

Surplus Revenues

At the end of 2019 the Arts District Los Angeles (ADLA) Business Improvement District (BID) anticipates having a surplus of approximately \$299,731.70, which will be rolled over into the 2020 budget. This funding is prior BID funding which was collected during ADLA's first term (2014-2019). This surplus was mostly generated from unanticipated revenue but also from cost savings related to security program vacancies and conservative Administration spending.

Each year, since its establishment, ADLA has received unanticipated revenue. This revenue is generated when new developments reach completion, usually midway through the year. Because the additional funding generated from these completed projects is never budgeted, the funds go unspent. Moreover, these unanticipated funds were generated from very large real mixed-use projects so the amount of revenue received is significant. The second factor contributing to ADLA's surplus revenue is understaffing in its Safety Program. The understaffing in ADLA's Safety Program is partly due to the rising minimum wage and the difficult nature of the job. Security guard candidates can find an easier job at the same payrate, making it difficult to fill ADLA positions. The last factor leading to the creation of ADLA's surplus is the Board of Director's conservative policy toward Administration spending. Since ADLA's reestablishment in 2014, the Board has taken a very conservative approach to management of the Arts District BID in order to avoid any future lawsuits. Their conservative spending on Administration items has created a cost savings in this category.

Spend Down Plan

The Arts District Los Angeles (ADLA) proposes to spend down its \$299,731.70 surplus through a combination of purchasing more equipment, trimming trees and spending more money on security labor.

Increased Security Labor Spending

ADLA is currently in the process of making a few changes to its Public Safety program including selecting a new security vendor. Earlier this year ADLA received ten (10) proposals for security services, all of which are proposing a significantly more expensive rate than what ADLA currently pays. Selecting a new security vendor will create an immediately increase in security spending. Additionally, ADLA plans to add an additional guard and increase wages for all positions by one dollar in order to remain competitive in light of the rising minimum wage. It is anticipated that these changes, once implemented (Q2, 2020), will draw down the surplus by \$190,680 in 2020.

Tree Trimming

Trees in the Arts District have not been trimmed since 2015. Many of them have grown very extensive canopies which now block city street lighting, reducing nighttime visibility. A recent analysis of vehicle break-ins in the Arts District revealed that streets with overgrown trees had the highest levels of burglary theft from motor vehicles. In an effort to reduce crime, ADLA has recently selected a tree trimming contractor to trim trees located within the Arts District. ADLA anticipates spending \$49,051.70 in 2020 to trim trees.

Purchasing New Equipment

ADLA maintains over seventy (70) trash receptacles throughout the Arts District. Many of these cans need to be replaced because they have either been stolen or have been damaged beyond repair. ADLA anticipates spending approximately \$10,000 on purchasing new trash receptacles this year. ADLA also anticipates spending approximately \$10,000 to purchase 4-5 new, fully-equipped bicycles for security patrol.

Office Improvements

ADLA recently moved its offices to another location. While costs related to moving and increased rent have been budgeted, costs associated with build-out have not been budgeted. ADLA plans to spend approximately \$40,000 on office improvements in 2020. Below is a table enumerating ADLA's surplus budget spend down measures.

Surplus Spend Down Measure

Implementation Month Cost

1. Increased Labor Spending July - December \$190,680
 2. Tree Trimming June \$49,051.70
 3. New Trash Receptacles June \$10,000
 4. New Patrol Bicycles May \$10,000
 5. Office Improvements June \$40,000
- TOTAL \$299,731.70

Anticipated Deficit Revenues

There are no deficit revenues that will be carried over to 2020.

Contribution from Sources other than assessments: \$132,014.18

The Arts District BID (ADLA) expects to collect \$27,706.18 from the City of Los Angeles as a payment for general benefit costs. Additionally, ADLA plans to continue a service agreement with 777 S. Santa Fe for clean and safe services in the amount of \$104,308. In total, ADLA expects to collect \$132,014.18

APPENDIX A- TOTAL ESTIMATED REVENUES/EXPENDITURES FOR THE Arts District LA BID- FY 2020

2020 Assessments	\$1,453,940.32	
Estimated Carryover from 2019	\$299,731.70	
Other Income	\$132,042.18	
Total Estimated Revenues	\$1,885,714.20	
2020 Estimated Expenditures		Pct.
Clean & Safe	\$1,485,714.00	78.79%
Management/Administration/City Fees/Delq Assmts	\$400,000.20	21.21%
Total Estimated Expenditures	\$1,885,714.20	100%