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# City of Los Angeles

CALIFORNIA



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December 4, 2017  
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 2018 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") 2018 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 Los Angeles Business Improvement District's Annual Planning Report for the 2018 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 attached Annual Planning Report, which was approved by the District's Board at their meeting on November 17, 2017, 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 2018 fiscal year complies with the requirements of the State Law
2. ADOPT the attached Annual Planning Report for the Arts District Los Angeles Business Improvement District's 2018 fiscal year, pursuant to the State Law.

Sincerely,



Shannon D. Hoppes  
Executive Officer

Attachment:

Arts District Los Angeles Business Improvement District's 2018 Fiscal Year Annual Planning Report

December 4, 2017

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

Subject: Arts District Los Angeles PBID 2018 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 November 17, 2017.

This report covers proposed activities of the Arts District Los Angeles BID from January 1, 2018 through December 31, 2018.

Sincerely,



Matt Klein

Arts District

Arts District Los Angeles  
Business Improvement District

2018 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 2018 Fiscal Year. The District Board of Directors approved the 2018 Annual Planning Report at the November 17, 2017 Board of Director's meeting.

### **Boundaries**

There are no changes to the District boundaries for 2018.

### **Benefit Zones**

There are no changes to the District's benefit zone(s) for 2018.

### **2018 IMPROVEMENTS, ACTIVITIES AND SERVICES**

#### **Clean and Safe: \$1,252,937.91 (75.00%)**

##### **Safe Team Program**

The Safe Team Program provides safety services for the properties located within the District in the form of patrolling bicycle personnel, and nighttime vehicle patrol. The purpose of the Safe Team Program is to prevent, deter and report illegal activities taking place on the streets, sidewalks, storefronts, parking parcels and alleys. The presence of the Safe Team Program is intended to deter such illegal activities as public urination, indecent exposure, trespassing, drinking in public, prostitution, illegal panhandling, illegal vending, and illegal dumping.

##### **Clean Program**

The Clean Program provides street maintenance services for the properties located within the District through a multi-dimensional approach, consisting of sidewalk cleaning, trash collection, graffiti removal, pressure washing, and light landscaping.

**Sidewalk Cleaning:** Uniformed, radio equipped personnel sweep litter, debris and refuse from sidewalks and gutters of the District. District personnel may pressure wash the sidewalks.

**Trash Collection:** Collector truck personnel collect trash from sidewalk trash receptacles as needed. District trucks are often called to dispose of illegal food vendors' inventory. They are

also dispatched to collect large bulky items illegally dumped in the District.

Graffiti Removal: District personnel remove graffiti by painting, using solvent and pressure washing. The District maintains a zero tolerance graffiti policy. An effort is made to remove all tags within 24 hours on weekdays.

The Clean Program ensures that sidewalks, gutters, visible walls and the public right-of-way are kept clear of blight and debris.

**Management / Administration: \$300,705.00 (18.00%)**

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: \$116,941.00 (7.00%)**

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.

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The loan of \$75,000 from Board Members has been paid off now.

**Total Estimate of Cost for 2018**

A breakdown of the total estimated 2018 budget is attached to this report as **Appendix A.**

**Method and Basis of Levying the Assessment**

The method and basis of levying the 2018 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 2018.

Arts District Los Angeles 2018 assessment rates

Lot \$0.0684

Building \$0.0902

**(There is No CPI increase for 2018)**

**Surplus Revenues: \$474,446.71**

At the end of 2017 the Arts District Los Angeles Business Improvement District (ADLA) anticipates having a surplus of approximately \$474,446.71 , which will be rolled over into the 2018 budget. This surplus was created from a combination of factors ranging from a cost savings in safety expenses, a cost savings in administration Services, a 2014 rebate to property owners and unanticipated revenue from new constructions.

Each year, since its establishment, ADLA has received unanticipated revenue from new developments. Because these unanticipated funds are not received until the middle of the year, these funds do not get budgeted 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. With a new security company in place, ADLA believes fully staffing our Safety Program will not be an issue in 2018. 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 taken a very conservative approach to management of the Arts District BID in order to avoid any future lawsuits. This conservative approach has lead to minimal spending in Administration, which has created a cost savings in the Administration category. Also, in 2014 the ADLA Board of Directors elected to rebate property owners for the first 5 months of 2014, because although property owners were assessed for then entire 2014 year, services were not provided until June of 2014.

**Anticipated Deficit Revenues**

There are no deficit revenues that will be carried over to 2018.

**Contribution from Sources other than assessments: \$14,621.00**

This funding is the anticipated general benefit payment from the City of Los Angeles.

**APPENDIX A- TOTAL ESTIMATED REVENUES/EXPENDITURES FOR THE Arts District Los Angeles BID- FY 2018**

<b>2018 Assessments</b>	\$1,181,516.20	
<b>Estimated Carryover from 2017</b>	\$474,446.71	
<b>Other Income</b>	\$14,621.00	
<b>Total Estimated Revenues</b>	<b>\$1,670,583.91</b>	
<b>2018 Estimated Expenditures</b>		<b>Pct.</b>
<b>Clean and Safe</b>	\$1,252,937.91	<b>75.00%</b>
<b>Management / Administration</b>	\$300,705.00	<b>18.00%</b>
<b>Contingency / City Fees</b>	\$116,941.00	<b>7.00%</b>
<b>Total Estimated Expenditures</b>	<b>\$1,670,583.91</b>	<b>100%</b>

\*\* Non-regular budget item, not calculated as part of budget percentage.