

HOLLY L. WOLCOTT
CITY CLERK

PETTY F. SANTOS
EXECUTIVE OFFICER

City of Los Angeles

CALIFORNIA



KAREN BASS
MAYOR

OFFICE OF THE
CITY CLERK

Neighborhood and
Business
Improvement District
Division
200 N. Spring Street,
Room 395
Los Angeles, CA. 90012
(213) 978-1099
FAX: (213) 978-1130

JINNY PAK
DIVISION MANAGER

clerk.lacity.org

November 14, 2024

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 2025 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") 2025 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 2025 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 October 29, 2024, 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

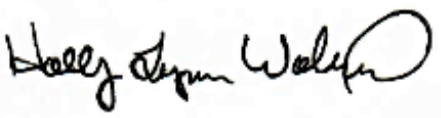
There is no impact to the General Fund associated with this action.

RECOMMENDATIONS

That the City Council:

1. FIND that the attached Annual Planning Report for the Fashion District Business Improvement District's 2025 fiscal year complies with the requirements of the State Law
2. FIND that the increase in the 2025 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 2025 fiscal year, pursuant to the State Law.

Sincerely,

A handwritten signature in black ink, appearing to read "Holly L. Wolcott", is written over a light blue rectangular stamp. The signature is fluid and cursive.

Holly L. Wolcott

City Clerk

Attachment:

Fashion District Business Improvement District's 2025 Fiscal Year Annual Planning Report

November 14, 2024

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

Subject: Fashion District PBID 2025 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 October 29, 2024.

This report covers proposed activities of the Fashion District BID from January 1, 2025 through December 31, 2025.

Sincerely,

Anthony Rodriguez

Anthony Rodriguez
Executive Director
Los Angeles Fashion District

Fashion District Business Improvement District

2025 Annual Planning Report

District Name

Fashion District

Fiscal Year of Report

The report applies to the 2025 Fiscal Year. The District Board of Directors approved the 2025 Annual Planning Report at the October 29, 2024 Board of Director's meeting.

Boundaries

There are no changes to the District boundaries for 2025.

Benefit Zones

There are no changes to the District's benefit zone(s) for 2025.

2025 IMPROVEMENTS, ACTIVITIES AND SERVICES

Clean & Safe: \$5,365,988.18 (68.23%)

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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Safe Programs

The following summarized services are planned to be provided: day-time bicycle and/or walking patrol and night-time vehicle patrol. The purpose of the Safe Team Program is to help prevent, deter and report illegal activities taking place on the streets, sidewalks, storefronts, parking lots and public alleys. The presence of the Safe Team Program is intended to help deter such illegal activities as vandalism, graffiti, narcotic use or sales, public urination, trespassing, drinking in public, prostitution, illegal panhandling, unpermitted

vending, and illegal dumping. The Program will help supplement, not replace, other ongoing police, security and patrol efforts by the City of Los Angeles within the District.

Clean Programs

The following summarized services are planned to be provided: sidewalk and gutter litter sweeping, sidewalk pressure-washing, graffiti and handbill removal, public trash removal from district-owned trash receptacles, and landscape programs. Tree-trimming is done every third year.

Communication: \$716,362.00 (9.11%)

Fashion District Communication Programs:

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

Management/City Fees/Delq Assmts: \$815,172.00 (10.37%)

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.

In 2025, the BID will start the renewal process.

Santee Alley Overlay: \$966,709.00 (12.29%)

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 2025

A breakdown of the total estimated 2025 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 management district plan allows for a maximum annual CPI increase of 5%. The Board voted for a (5%) assessment increase and a (8%) santee overlay increase. The assessment rates for 2025 are:

frontage \$13.0008
parcel area \$0.1316
bldg area \$0.0892
santee alley overlay \$451.4636

(There is a 5.0% CPI increase for 2025)

Surplus Revenues: \$712,271.00

The District started the calendar year 2024 with \$1,151,817 net surplus revenues carried over from 2023, and it is estimated to end 2024 with approximately \$712,271. This represents a net decrease of \$439,546. BID Services were not affected as a result of this surplus.

The District spent \$503,190 of the \$528,000 spend-down plan allocated for the calendar year 2024. \$24,810 is estimated to remain unspent for the Santee Alley Electrical Gates project; these funds are being re-budgeted in 2025. The remaining balance of the 12/31/2023 surplus is \$648,627, composed of the \$1,151,817 12/31/2023 surplus balance less the \$503,190 spent in 2024.

In 2024, the District is estimated to generate a \$63,644 surplus. The \$63,644 surplus was caused by expenditures estimated to be \$24,356 more than budgeted, offset by revenues collected estimated to be \$88,000 more than budgeted.

The 2024 total expenditures estimated to be \$24,356 more than budgeted consist of Management estimated to be \$56,880 more than budgeted, mainly due to uncollected assessments being higher, offset by Communication estimated to be \$32,524 less than budgeted.

The 2024 total revenues estimated to be \$88,000 more than budgeted consist of the

unbudgeted collection of \$88,000 of prior years' unpaid assessments.

The District plans to use the estimated \$712,271 surplus revenues balance as of 12/31/2024 in the remaining 2 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 remaining 2 years.

\$440,334 (62% of the estimated 12/31/2024 surplus) Applied to the 2025 Operating Budget: \$24,810 for the Santee Alley Electric Gates project, \$70,000 for BID Renewal, and \$345,524 to fund the trucks, equipment (and related operating costs) provided by the Clean and Safe vendors (the District has moved to having the Clean and Safe vendors provide most of the trucks and equipment and is using some Capital Equipment funds to help fund this cost). If some of these funds remain unutilized at the end of 2025, the plan will be to reallocate those funds for final spend-down in 2026.

\$241,937 (34% of the estimated 12/31/2024 surplus) for Capital Equipment Purchases and/or Operating Leases in year 2026 to replace trucks and high-cost equipment as they become obsolete: The District will be replacing the trash-collecting, street-sweeping, graffiti-removal and pressure-washing trucks, safety patrol vehicles & bicycles, computers & radio equipment needed to perform the Clean and Safe Programs via either capital equipment purchases and/or operating leases through the vendor service providers. The District historically has purchased outright and capitalized all its trucks and other high-cost equipment. The current capitalized value of the District's owned equipment and facility improvements is \$550k. Trucks and equipment have a useful lifespan of 3 to 10 years. To properly fund this capital equipment replacement financial obligation, the District needs to accumulate and set aside funds.

\$30,000 (4% of the estimated 12/31/2024 surplus) for BID Renewal in year 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 5.0% increase (8% for the Santee Alley Overlay) to the 2025 assessment rates to keep up with increasing costs, especially in labor, to provide the program services.

The District understands that the City of LA will monitor compliance with the above spend-down plan.

Anticipated Deficit Revenues

There are no deficit revenues that will be carried over to 2025.

Contribution from Sources other than assessments: \$213,737.00

Penalties & Interest Assessed by County on Late Payments \$25,565.00

Interest Income (Investments) \$20,737.07

Other Misc. Revenue \$4,000.00

Sub-Total - Other Revenues \$50,302.07

General Benefit Funds (from Regular Assessments) \$141,187.93

General Benefit Funds (from Santee Alley Overlay Assessments) \$22,247.00

Sub-Total - General Benefit Funds * \$163,434.93

Grand Total \$213,737.00

* 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 2025

2025 Assessments	\$6,938,223.18	
Estimated Carryover from 2024	\$712,271.00	
Other Income	\$213,737.00	
Total Estimated Revenues	\$7,864,231.18	
2025 Estimated Expenditures		Pct.
Clean & Safe	\$5,365,988.18	68.23%
Communication	\$716,362.00	9.11%
Management/City Fees/Delq Assmts	\$815,172.00	10.37%
Santee Alley Overlay	\$966,709.00	12.29%
Total Estimated Expenditures	\$7,864,231.18	100%