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January 4, 2022

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 2022 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") 2022 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 2022 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 November 18, 2021, 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

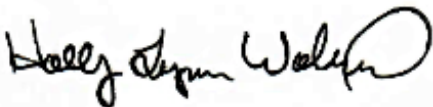
There is no impact to the General Fund associated with this action.

RECOMMENDATIONS

That the City Council:

1. FIND that the attached Annual Planning Report for the Fashion District Business Improvement District's 2022 fiscal year complies with the requirements of the State Law
2. FIND that the increase in the 2022 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 2022 fiscal year, pursuant to the State Law.

Sincerely,



Holly L. Wolcott

City Clerk

Attachment:

Fashion District Business Improvement District's 2022 Fiscal Year Annual Planning Report

December 29, 2021

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

Subject: Fashion District PBID 2022 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 November 18, 2021.

This report covers proposed activities of the Fashion District BID from January 1, 2022 through December 31, 2022.

Sincerely,

Anthony Rodriguez

Anthony Rodriguez
Interim Executive Director
Los Angeles Fashion District

Fashion District
Business Improvement District

2022 Annual Planning Report

District Name

Fashion District

Fiscal Year of Report

The report applies to the 2022 Fiscal Year. The District Board of Directors approved the 2022 Annual Planning Report at the November 18, 2021 Board of Director's meeting.

Boundaries

There are no changes to the District boundaries for 2022.

Benefit Zones

There are no changes to the District's benefit zone(s) for 2022.

2022 IMPROVEMENTS, ACTIVITIES AND SERVICES

Clean & Safe: \$5,023,154.00 (67.64%)

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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The BID does tree trimming on an every 3rd year cycle. Next tree trimming is planned for year 2024. Last tree trimming was done in 2021.

Communication: \$821,756.00 (11.07%)

Fashion District Communication Programs:

- Destination Marketing

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

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In 2022 less emphasis is planned to be placed on events & programming and more emphasis to be placed towards improving economic opportunities and improving the District's public realm post COVID

Management/City Fees/Delq Assmts: \$770,063.00 (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.

Santee Alley Overlay: \$811,555.00 (10.93%)

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 2022

A breakdown of the total estimated 2022 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 assessment rates for 2022 are:

frontage \$11.6033
parcel area \$0.1174
bldg area \$0.0796
santee alley overlay \$379.1925

(There is a 2.0% CPI increase for 2022)

Surplus Revenues: \$1,068,898.00

The District started calendar year 2021 with \$1,302,178 net surplus-revenues carried over from 2020 and it is estimated to end 2021 with approximately \$1,068,898. This represents a net decrease of \$233,280. BID Services were not disrupted as a result of this surplus.

The District spent \$444,958 of the \$523,162 spend-down plan allocated for calendar year 2021, leaving \$78,204 in unspent funds to be either re-budgeted in 2022 or reallocated, explained as follows: Tree trimming actual cost was \$139,410 compared to the \$129,747 allocation, causing a \$9,663 over-expenditure / \$38,188 remained from the \$117,000 additional allocation to Economic Development Strategies post-Covid; these \$38,188 will be re-budgeted in 2022 / the Art Installation Project actual cost was \$49,896 compared to the \$42,625 allocation, causing a \$7,270 over-expenditure / \$26,000 remained from the Santee Alley electrical gates project not spent due to issues obtaining permits; these funds are being re-budgeted in 2022 / \$30,949 remained from the \$207,790 allocation for 2021 Capital Equipment Purchases; these \$30,949 will be re-allocated / Thus the remaining balance of the 12/31/2020 surplus balance is \$857,220, which is the \$1,302,178 12/31/2020 surplus balance less the \$444,958 spent in 2021.

In 2021 the District is estimated to generate a \$211,679 surplus. The \$211,679 surplus is caused by expenditures expected to be \$299,233 less than budgeted, offset/reduced by revenues collected being less than budgeted.

The 2021 total expenditures being \$299,233 less than budgeted was made up of: The Clean and Safe Programs were \$112,143 less than budgeted mainly due to labor staffing difficulties and budget savings from trash disposal cost and other expenses. The Communication & Economic Development Programs were \$262,781 less than budgeted mainly due to difficulties in executing the Economic Development Programs. Starting the programs was delayed at the beginning of the year until a near normal assessment collection rate could be confirmed in light of the continuing pandemic and the reduced assessment collection in 2020. Some programs could not be executed because the marketing team was out on maternity leave and one program received only a few applications, some of which fell through. These unused funds are being re-budgeted in 2022. Management was \$75,691 over budget mainly

due to unexpected legal costs regarding a lawsuit, higher insurance and IT costs.

The total revenues short-fall was made up of: \$131,921 unbudgeted 2021-year assessments not being collected, offset by \$105,946 more than budgeted 2020 and prior years' arrears assessments and penalties collected, and \$61,579 less than budgeted collection of non-assessment revenues.

The District plans to use the estimated \$1,068,898 surplus revenues balance as of 12/31/2021 in the remaining 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 coming years.

- \$409,000 (38% of estimated 12/31/2021 surplus) Applied to the 2022 Operating Budget: \$90k to increase Clean Team Labor Budget, \$293k for Economic Development Strategies Post COVID, \$26k for the Santee Alley Electric Gates project. To ensure these funds are utilized in 2022, the BID is placing more emphasis on making physical improvements to the District's public realm and less emphasis on programs that are dependent on stakeholders' active participation. If some funds still remain unutilized, the backup plan will be to re-allocate those funds for final spend-down in 2023.

- \$409,898 (38% of estimated 12/31/2021 surplus) Capital Equipment Purchases in years 2023-2026: We will be replacing our trash collector, graffiti and pressure-washing trucks, patrol vehicles, bicycles, computers & radios needed to perform our Clean and Safe Programs. The District owns outright & capitalizes all its 10 trucks and other equipment; thus, it needs to set aside funds to replace the trucks and equipment as they become obsolete. The current capitalized value of the District's field trucks and equipment is \$715k.

- \$150,000 Tree-Trimming in year 2024 - trees are trimmed every 3rd year; thus, it is not a recurring annual expenditure. The last tree trimming was done in 2021.

- \$100,000 BID Renewal in years 2025-2026 - 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 2% CPI increase (5% for the Overlay) to the 2022 assessment rates to keep up with increasing costs, especially in labor, to provide services. The COVID pandemic and its ramifications have caused entry-level wages to increase significantly. To be able to retain & attract service personnel, the 2022 budget assumes a 15% pay increase for entry-level Clean Team personnel and a 9% pay increase across the board for the Safe Team personnel.

Anticipated Deficit Revenues

There are no deficit revenues that will be carried over to 2022.

Contribution from Sources other than assessments: \$238,425.00

Penalties & Interest Assessed by County on Late Payments \$20,000
Interest Income (Investments) \$6,000

Service Revenue (Broadway St. Plazas) \$51,440

Website Advertising Revenue \$15,000

Other Misc. Revenue \$700

Sub-Total - Other Revenues \$93,140

General Benefit Funds (from Regular Assessments) \$127,001

General Benefit Funds (from Santee Alley Overlay Assessments) \$18,284

Sub-Total - General Benefit Funds * \$145,285

Grand Total \$238,425

* 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 2022

2022 Assessments	\$6,119,205.00	
Estimated Carryover from 2021	\$1,068,898.00	
Other Income	\$238,425.00	
Total Estimated Revenues	\$7,426,528.00	
2022 Estimated Expenditures		Pct.
Clean & Safe	\$5,023,154.00	67.64%
Communication	\$821,756.00	11.07%
Management/City Fees/Delq Assmts	\$770,063.00	10.37%
Santee Alley Overlay	\$811,555.00	10.93%
Total Estimated Expenditures	\$7,426,528.00	100%