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CITY CLERK

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EXECUTIVE OFFICER

City of Los Angeles CALIFORNIA



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December 15, 2015

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

Council District 14

REGARDING: THE DOWNTOWN INDUSTRIAL (PROPERTY-BASED) BUSINESS IMPROVEMENT DISTRICT'S 2016 FISCAL YEAR ANNUAL PLANNING REPORT

Honorable Members:

The Office of the City Clerk has received the Annual Planning Report for the Downtown Industrial Business Improvement District's ("District") 2016 fiscal year (CF 12-0931). 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 Downtown Industrial Business Improvement District's Annual Planning Report for the 2016 fiscal year is presented with this transmittal for City Council's consideration as "Attachment 1."

BACKGROUND

The Downtown Industrial Business Improvement District was established on July 30, 2015, by and through the City Council's adoption of Ordinance No. 183156 which confirmed the assessments to be levied upon properties within the District, as described in the District's Management District Plan. The City 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 the 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 any 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 28, 2015, 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

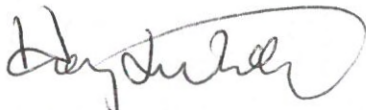
There is no impact to the General Fund associated with this action.

RECOMMENDATIONS

That the City Council:

1. FIND that the attached Annual Planning Report for the Downtown Industrial Business Improvement District's 2016 fiscal year complies with the requirements of the State Law.
2. ADOPT the attached Annual Planning Report for the Downtown Industrial Business Improvement District's 2016 fiscal year, pursuant to the State Law.

Sincerely,



Holly L. Wolcott
City Clerk

HLW:GRA:MCP:RMH:tkl

Attachment: Downtown Industrial Business Improvement District's 2016 Fiscal Year Annual Planning Report



Central City East Association

Los Angeles Downtown Industrial District
Business Improvement District

Board of Directors

Chairperson
Mark Shinbane
Ore-Cal Corporation

Vice-Chair
Matt Klein
HBK Investments

Treasurer
Dilip Bhavnani
Legendary Developments, LLC

Secretary
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Andrew J. Bales
Union Rescue Mission

Jim Barich
Young's Market Company

Richard Gardner
L.A. Wholesale Produce Market

Howard Klein
Ocean Beauty Seafoods

Larry Rauch
Los Angeles Cold Storage

Bob Smiland
Inner City Arts

Michael Tansey
Peterson/Tansey

Chairman Emeritus
Charlie Woo
Mega toys

Accountant
Ken Coelho, CPA
RBZ, LLP

Executive Director
Raquel K. Beard

Director of Operations
Edward Camarillo

**Deputy Director
of Operations**
Fred Faustino

November 1, 2015

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

Subject: Downtown Industrial PBID 2016 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 Downtown Industrial Business Improvement District has caused this Downtown Industrial Business Improvement District Annual Planning Report to be prepared at its meeting on October 28, 2015.

This report covers proposed activities of the Downtown Industrial BID from January 1, 2016 through December 31, 2016.

Sincerely,

Raquel Beard
Executive Director
Downtown Industrial Business Improvement District

Downtown Industrial
Business Improvement District
2016 Annual Planning Report

2016 Annual Planning Report

District Name

This report is for the Downtown Industrial Business Improvement District (District). The District is operated by Central City East Association, Inc., a private non-profit organization.

Fiscal Year of Report

This report applies to the 2016 Fiscal year. The District Board of Directors approved the 2016 Annual Planning Report at the October 28, 2015 Board of Director's meeting.

Boundaries

There are no changes to the District boundaries for 2016.

Benefit Zones

The District has two (2) benefit zones. For 2016 there will be no changes to the District's benefit zones.

2016 Improvements, Activities and Services

The following are the improvements and activities planned by the Downtown Industrial District BID. These activities and improvements are intended to stimulate commerce and improve the business environment within District boundaries by making each individual assessed parcel safer, cleaner and more attractive, which will encourage investment dollars in the District and increase business recruitment and retention. These activities specially benefit each individual assessed parcel, including commercial, industrial, government, and residential. Non-profit parcels benefit specifically from the sidewalk cleaning programs.

Clean and Safe: \$1,525,936.94 (73%)

The purpose of the Safe Team Program is to deter, respond to and report illegal activities taking place on the streets, sidewalks, storefronts, parking lots and alleys. The presence of the Safe Team Program is intended to address such illegal activities as public urination, indecent exposure, trespassing, drinking in public, prostitution, aggressive panhandling, illegal vending, illegal dumping and scavenging. The program supplements, but does not replace, other ongoing police or private security efforts within the District. The Safe Team Program will maintain communication with the Los Angeles Police Department (LAPD) area patrols and will report illegal activities to the LAPD. The Safe Team Program will only provide its services within the District boundaries. The benefit to property owners from these services is increased commercial activity that directly relates to increases in lease rates and customer usage.

In order to consistently address the public space sanitation concerns within a district with two thousand plus individuals living or loitering on the public sidewalk daily, the BID's public space sanitation efforts will be continued in 2016. The Clean Team will only provide service within District boundaries.

The following are additional strategies that will be implemented or continued in 2016 for Clean & Safe:

- **Public Safety Committee:** The BID will be forming a committee comprised of stakeholders in the Industrial District, in efforts to share information, develop best practices, and forge effective relationships with LAPD Senior Lead Officers and the RESET team. Most of all to develop strategies to deter crime in the area. The BID will solicit training opportunities from law enforcement, Department of Mental Health, Department of Public Health, and Bureau of Street Services.

- **NO MJ Dispensaries in Skid Row:** The BID alerted the City to four (4) non Prop D compliant dispensaries that had popped up in Skid Row. The City Attorney's office and LAPD's Narcotic Enforcement Unit closed down all four. The BID will work with property owners to discourage renting to illegal MJ dispensaries. The BID will also collaborate with property owners to attract better uses.
- **Sidewalk Pressure Washing:** A program of regularly scheduled sidewalk pressure washing is a priority service to our stakeholders in order to address sidewalk cleanliness issues that go beyond sidewalk sweeping and trash removal. Due to the concentration of persons living and loitering on the sidewalks of the District, which encompasses roughly 90% of Los Angeles' skid row, the BID provides weekday pressure washing.
- **Illegal Dumping:** The BID implements strategies to combat and reduce the instances of illegal dumping of trash, green waste and bulky items throughout the District. Additionally, BID public safety officers and Clean Team members have received training by the City of Los Angeles Street Services Bureau enabling the BID officers to issue warnings to violators and provide evidence to City inspectors. In 2016, the BID will be working in collaboration with the City Attorney's Environmental Justice Department and Street Services inspectors to locate and address violators and repeat violators.
- **Outdoor Area Lighting Campaign:** For 2016, the BID will be working with LADWP and property owners to illuminate the front/back of their buildings. Dark streets and areas are a magnet for criminal behavior. Past experience indicates that high voltage illumination around buildings can assist in deterring criminal behavior around that building or street.

Economic Development/Communication: \$209,032.45 (10%)

The economic development and communications program is a key component of the BID's mission to benefit parcels within its boundaries. Activities within this portion of the BID's work plan are specifically designed to proactively position the District as attractive for investment and business development. The Central City East Planning Study and implementation of its recommendations will contribute to achieving our economic development objectives. Some of those goals include filling office and commercial vacancies with uses that benefit the area and DTLA as a whole, bring more visitors to the District to engage in artistic, commercial or business activities. A collaborative approach is proposed, working with multiple property owners and real estate professionals, along with civic leaders, to promote the advantages of the District as a business and residential location. Each individual assessed parcel receives special benefit from these activities through higher rates of business retention and recruitment, increased customer traffic and commercial activity, filling of vacant or underutilized space and increased lease rates.

Additionally, the BID consistently monitors and often proposes policies or legislation with a direct impact on land use or commercial viability within the District, such as the expansion of creative office uses within Industrial District buildings historically designated for traditional industrial uses.

The following are additional strategies that will be implemented or continued in 2016 for Economic Development/Communication:

- **Central City East Planning Study:** The BID hired AECOM to perform a comprehensive planning study for the Central City East area. The study focuses on ways to better incorporate the Industrial District into the broader Downtown area, removing some of the longstanding barriers that have kept the

district relatively isolated. One of these barriers is Alameda Street, which cuts off access to the Arts District between 4th and 6th streets – the site of the old Central Station. San Pedro Street is, for many, a psychological barrier. The high concentration of encampments along San Pedro discourages pedestrians from entering.

The study also notes that a lack of park space and a shortage of crosswalks and traffic lights have made Central City East somewhat inhospitable for customers, residents, and visitors alike. The study outlines several options for bringing positive and planned change to the district. In 2016, the BID will be meeting with city officials to go over the details of these proposals, and plan implementation of positive changes.

- **Public Affairs/Media Relations:** In 2016, increased focus will be on the creation of media and social media opportunities for the Industrial District and its stakeholders. Much of the news media coverage is on the BID's interactions with in the Skid Row community, and it is imperative that the BID continue to publicly document conditions and crime in the area. The BID will also focus on lobbying for faster/creative solutions and improvement to the Homeless State of Emergency, in which the Industrial District is the most impacted area of DTLA. The firm will also assist in submitting op-eds and commentaries on issues of importance to the District.
- **Monthly Business 'Spot Light' Social Media Campaign:** In 2016, the BID will focus on highlighting the positive attributes of the district such as the businesses, restaurants/bars, growing art hub, schools, and other stakeholders. Spot lights will be posted on the District's FB page, twitter, DTLA FB Group page and other social media outlets.

Management/City Fees/Delinquent Assessments: \$355,355.18 (17%)

The Central City East Association (CCEA), the BID management organization, will continue to provide administration of District services. CCEA provides office space and personnel for the BID. It also holds contracts for Security, Maintenance, and Economic Development/Communications services with various vendors and ensures that all work is completed. Additionally, CCEA administers all financial and administrative requirements as stipulated in its agreement C-124929 with the City.

Uncollectable Assessments:

In 2016, 4% of the budget and will be used to cover uncollectable assessments and unexpected expenditures. This amount is equal to \$83,613.

City Fee:

In 2016, 1% of the budget will be used to cover the City fee. This amount is equal to \$20,903.

Total estimate of Cost for 2016: A breakdown of the total estimated 2016 budget is attached to this report as **Appendix A**.

Method and Basis of Levying the Assessment*

The Method and Basis for levying the 2016 assessment remains the same as listed in the Management District Plan. Annual assessments are based upon an allocation of program costs and a calculation of assessable lot square footage for two (2) Benefit Zones with differing rates depending on type and frequency of special benefit services provided for properties in each zone.

2016 assessment rates are as follows:

	Lot Area
Zone 1	\$0.3491
Zone 2	\$0.1137
Non-Profit Parcels	\$0.0642
LA City Public Plaza	\$0.3126

The District's Management District Plan allows for a maximum annual assessment increase of 5%. The Board voted to increase the assessments by 3% for 2016.

The District's 2016 Total Assessment is \$2,090,324.57.

Surplus Revenues

At the end of 2015, the District will have an estimated 0.00 of surplus revenue that will be rolled over into 2016 budget.

Anticipated Deficit Revenues

There are no deficit revenues that will be carried over to 2016.

Contributions from Sources other than assessments:

No anticipated contributions from other sources.

Appendix A

Downtown Industrial Business Improvement District
2016 Annual Report
2016 Fiscal Year Activities Budget

Anticipated Assessment Revenue and Program Expenditures

2016 Revenue Sources

2016 Special Assessment	\$2,090,324.57	
2015 Carryover	\$0.00	
2016 Estimated Contributions/Other Sources	\$0.00	
2016 Total Estimate Revenue	\$2,090,324.57	

2016 Budget Expenditures

Clean and Safe	\$1,525,936.94	73.00%
Economic Development/Communication	\$209,032.45	10.00%
Management/City Fees/Delinquent Assessments	\$355,355.18	17.00%
2016 Total Estimated Expenditures	\$ 2,090,324.57	100.00%

