

J. MICHAEL CAREY
City Clerk

FRANK T. MARTINEZ
Executive Officer

When making inquiries
relative to this matter
refer to File No.

CITY OF LOS ANGELES

CALIFORNIA



JAMES K. HAHN
MAYOR

Office of the
CITY CLERK
Council and Public Services
Room 395, City Hall
Los Angeles, CA 90012

Council File Information - (213) 978-1043
General Information - (213) 978-1133
Fax: (213) 978-1040

HELEN GINSBURG
Chief, Council and Public Services Division

95-0080 et al.

September 21, 2001

Community Development Department
City Administrative Officer
Chief Legislative Analyst
City Attorney
Controller: Room 1200
Accounting Division F&A
Disbursement Division

RE: RECEIVE AND FILE VARIOUS OBSOLETE OR INACTIVE COUNCIL FILES

At the meeting of the Council held September 19, 2001, the following
action was taken:

Attached report adopted	_____
Attached motion (-) adopted.....	_____
Attached resolution (-) adopted.....	_____
Mayor approved.....	_____
Mayor vetoed.....	_____
Motion adopted to approve attached report recommendation(s)....	_____
Motion adopted to approve communication recommendation(s).....	X
To the Mayor FORTHWITH.....	_____
Mayor failed to act - deemed approved.....	_____
Findings adopted.....	_____
Negative Declaration adopted.....	_____
Categorically exempt.....	_____
Generally Exempt.....	_____
EIR Certified.....	_____

J. Michael Carey

City Clerk
crm
steno\950080

FILED
SEP 25 2001
[Signature]



PLEASE SCHEDULE FOR WED.
SEPTEMBER 19, 2001

COMMUNICATION

FOR PLACEMENT ON NEXT
NCL AGENDA TO BE POSTED

#52
SEP 07 2001

TO: LOS ANGELES CITY COUNCIL

FILE NO. 95-0080 et al

FROM: COUNCIL MEMBER MIKE HERNANDEZ, CHAIR
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE

	<u>Yes</u>	<u>No</u>
Public Comments	___	<u>XX</u>

COMMUNICATION FROM CHAIR, COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE
relative to various obsolete or inactive Council files.

Recommendation for Council action:

RECEIVE and FILE the following Council files:

- AP
- a. 95-0080 Community Development Department (CDD) report dated May 2, 1996 and City Administrative Officer (CAO) report dated May 5, 1997 relative to the contract performance review of the Korean Youth and Community Center, inasmuch as the report was submitted for informational purposes only and no further Council Action is required.
 - b. 96-1972 CAO report dated July 29, 1998 and Chief Legislative Analyst report dated August 13, 1998 relative to the creation of a Business Improvement District (BID) Director and Administrative Assistant position for the BID Program, inasmuch as the matter is obsolete and no further Council action is required.
 - c. 97-1462 Motion (Feuer - Holden - Hernandez) relative to the formation of the South Robertson BID, inasmuch as the matter is obsolete and no further Council action is required.

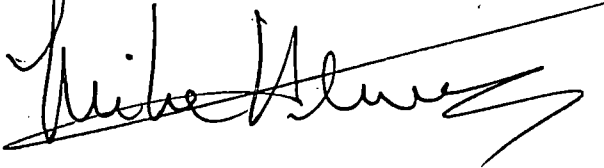
Fiscal Impact Statement: Not applicable.

Summary:

On May 8, 2001, the Community and Economic Development (CED) Committee Received and Filed the CDD report dated May 2, 1996; CAO report dated May 5, 1997; CAO report dated July 29, 1998 and CLA report dated August 13, 1998.

This matter is now forwarded to the Council for its consideration.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike Hernandez", with a long horizontal flourish extending to the right.

COUNCIL MEMBER MIKE HERNANDEZ, Chair
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE

ADOPTED
MOTION ADOPTED TO APPROVE COMMUNICATION RECOMMENDATION
SEP 19 2001
LOS ANGELES CITY COUNCIL

MCP
6/29/01
#950080

COUNCIL VOTE

19-Sep-01 1:42:16 PM, #18

Items for Which Public Hearings Have Not Been Held - Items 30-68
Voting on Item(s): 36-37,39-40,42-44,46,48-58,60-61,63-65,67-68
Roll Call

BERNSON	Absent
GALANTER	Absent
GARCETTI	Yes
HAHN	Yes
HOLDEN	Yes
MISCIKOWSKI	Yes
PACHECO	Yes
PERRY	Yes
REYES	Yes
RIDLEY-THOMAS	Absent
WACHS	Absent
WEISS	Yes
ZINE	Yes
*PADILLA	Yes
	Absent

Present: 10, Yes: 10 No: 0

REPORT OF THE CHIEF LEGISLATIVE ANALYST

August 13, 1998

TO: Honorable Members, *mayor*
Community and Economic Development Committee

FROM: Ronald F. Deaton
Chief Legislative Analyst

PROPOSED POSITIONS FOR THE BUSINESS IMPROVEMENT DISTRICT PROGRAM

SUMMARY

As requested by the Chair, we have reviewed the City Administrative Officer (CAO) report (July 29, 1998) relative to two (2) new proposed positions to administer the Business Improvement District (BID) program. The Mayor's Office requests approval to hire a BID Director and an Administrative Assistant. According to the CAO's report, the Mayor's Office proposes the creation of these positions within its Economic Development Office to centralize the outreach, education and marketing of the BID program.

The BID Policy which was approved by Council in January of 1998, designated the Office of the City Clerk as the BID Coordinator. The City Clerk is currently providing the same services and functions that would be provided by the proposed positions (overlap). Therefore, we recommend that the City Clerk's current responsibilities be reviewed before new positions are created.

Further, the City Council also approved January a recommendation to "re-evaluate and analyze BIDs as part of the City's overall economic development strategies and include this topic in their discussion of Economic Development Consolidation." In that your Committee is currently considering various options relative to consolidation of the City's economic development activities, we recommend that the Mayor's Business Improvement District positions be reviewed relative to these discussions.

MAILED 13 AUG 1998

RECEIVED
CITY CLERK'S OFFICE

98 AUG 14 AM 7:44

CITY CLERK
BY _____
DEPUTY

CHIEF OF POLICE
REPORT OF THE

RECOMMENDATIONS:

That the City Council:

1. Instruct the CAO and the CLA to review the City Clerk's current workload responsibilities and positions relative to the proposed new positions and report to CED with recommendations.
2. Instruct the CLA to re-evaluate and analyze BIDs as part of the City's overall economic development strategies and include this topic in the current discussion of Economic Development Consolidation.


Ivania Sobalvarro
Analyst

Attachments: 1. Background
 2. City Clerk- BID Service Operation Summary
 3. BID Roster

RFD:IS:is

is:bidced898

BACKGROUND

ADMINISTRATION

BIDs that have been established or are in the process of being established were created primarily through the Council Offices working with the business community.

Presently, the City Clerk, and the Community Development Department have been assisting Council Offices in coordinating BIDs in their districts. The City Attorney is also involved in reviewing and approving the contracts. Assistance has included allocation and identification of funds, assistance with Request for Proposals (RFP's) for consultants, preparing contracts, attending meetings with the business community and conducting follow-up.

As stated in the proposed policy, the City Clerk as Central Coordinator is responsible for: providing materials to interested BIDs, providing a list of consultants, interviewing consultants, distributing examples of management plans, budgets, and assessment formulas, review of proposed work and providing feedback to the prospective BID, before "final" package goes before Council.

The City Clerk administers all General Fund supported BIDs to the extent provided for by (LAMC) Ordinance No. 171094 "Business Improvement District Trust Fund". While this department administers all pre- and post-BID responsibilities for General Fund supported BIDs, their assistance is not limited to those BIDs. Once created by ordinance all BIDs are administered by the City Clerk.

As instructed by Council, in that pre-BID formation is an economic development marketing tool, the Mayor's Office (Los Angeles Business Team) the Community Development Department, and the Community Redevelopment Agency should continue to market and disseminate information within the business community regarding the BID program. The City Clerk is available to explain the technical, legal and administrative issues, as the BIDs progress through the development process.

In that BIDs are to an extent an economic development tool, we

recommend that the BID program be revisited within the Economic Development Consolidation discussions. The BIDs role as part of the City's overall Economic Development strategies should be analyzed.

STAFF/BUDGET

In light of the increased number of proposed BIDs and the amount of work associated with pre- and post- BID formation, additional staff and equipment may be necessary for the City Clerk. The City Council approved additional staff (one accounting clerk) within the 1997-98 City Budget to assist the City Clerk. No additional staff was approved in the 1998-99 City Budget. More staff however, may be needed within the City Clerk's Office as the BIDs are finalized.

BID FUNDING

The City Council did not approve additional funds in the 1998-99 City Budget for the Business Improvement District Trust Fund. Council however, did approve \$500,000 as part of the 1998-99 Housing and Community Development Block Grant (HCDBG) Consolidated Plan for BID's located in eligible HUD census tracts.



CITYWIDE BUSINESS IMPROVEMENT DISTRICT (BID) PROGRAM
Service Operations Summary

The role of the Office of the City Clerk, as the central coordinator for the Citywide Business Improvement District Program in the City of Los Angeles, and as directed and authorized by the Los Angeles City Council, can be defined in terms of five primary components:

1. The Office provides direct district development assistance. Preliminary work is performed, as requested by the respective Councilmember through an adopted City Council motion, with proponents of the proposed district and with related Chamber of Commerce or community members and organizations. Background activities focus on developing a program which is satisfactory to a majority of the interested parties and which contains all elements required for successful district establishment. Staff may assist with the collection of background data and coordinate activities with any consultant retained to develop the district program; staff may also serve as intermediary to solve problems or achieve consensus regarding program elements, budget development and preliminary advisory board approval. A variety of explanatory printed and audiovisual materials are available to assist, educate and support the efforts of business communities desiring to establish a business improvement district.
2. The Office provides comprehensive legislative assistance. The proposed program is guided through the City Council Committee and full Council review and approval process. Staff may draft appropriate motions, resolutions, ordinances and contracts or other documentation appropriate to the legislative process. The Department arranges for legal documents to be reviewed and approved by the City Attorney. Notices of public hearings are prepared and delivered to the appropriate parties. Staff will verify and validate the legitimacy of petitions or protests received; staff will calculate anticipated revenue to be received under the selected funding mechanism, as well as anticipated City costs to administer the established program. Staff prepares all reports, with related recommendations to the City Council, for the establishment or renewal of the district.
3. The Office provides full billing and disbursement assistance. Several billing procedures, including the direct and indirect (pass-through) methods, may be employed by the Department to effect the prompt collection of district revenue; staff may also arrange to enlist the services of the City Attorney in order to effect the collection of delinquent receivables. A special contractual arrangement with Los Angeles County provides for the direct placement of business improvement district assessments on the property tax roll. Other services include: designing and mailing billing notices; processing payments, billing supplements and adjustments; revenue accounting; income report preparation; and, the approval and actual disbursement of funds to the appropriate district representatives or recipients to support district programs and activities.
4. The Office provides extensive public relations assistance. Staff may serve as liaison between district members and the district advisory board and other City departments and officials. An emphasis is placed on achieving and maintaining productive relationships between the public and private sectors. A public area offering walk-in, telephone and facsimile service has been designed to provide efficient responses to inquiries; staff answers questions related to business improvement district programs and offers assistance regarding payments or adjustments. Staff may also assist district employees in the implementation of activities or programs which require the coordination and cooperation of other City departments and resources.
5. The Office provides continuous contract compliance assistance. Staff monitors the use of revenue in order to ensure that assessments paid by district members are used appropriately and in accordance with contractual, budgetary, statutory and City regulations and procedures. Assistance is provided to facilitate each district's achievement of goals and objectives. Quarterly district operating statements and activity reports are reviewed; staff may make recommendations to the district advisory board or its Executive Director regarding the adjustment of various program elements. Staff may prepare and present the required progress reports and other materials or documents to the City Council for use during the evaluation of district operations.

For additional information, please call (213) 237-0996. Fax: (213) 237-0674.



J. MICHAEL CAREY
CITY CLERK

PAT HEALY
EXECUTIVE OFFICER

CITY OF LOS ANGELES
CALIFORNIA



RICHARD J. RIORDAN
MAYOR

OFFICE OF THE
CITY CLERK

ROOM 607, CITY HALL EAST
LOS ANGELES, CA 90012
(213) 485-5708
FAX (213) 473-5212

CITYWIDE BUSINESS IMPROVEMENT DISTRICT PROGRAM - DISTRICT ROSTER

Name or Area	Council File	Council District(s)
<u>ESTABLISHED DISTRICTS</u>		
1. Century Corridor	96-1522	6
2. Downtown Center	96-0935	9,14
3. Downtown Industrial District (xref 95-0455)	96-1281	9,14
4. Fashion District (xref 94-0866)	97-1277	9,14
5. Figueroa Corridor	96-0827	8, 9
6. Historic Core (xref 96-1281S1)	96-0829	14
7. Hollywood Entertainment District I	96-0575	13
8. Larchmont Village	96-1477	4
9. Lincoln Heights	95-0990	1
10. Los Feliz Village	96-0023	4
11. San Pedro Old Town	92-1110	15
12. Tarzana	96-0490	11
13. Toytown	97-1640	9
14. Westwood Village	94-1479	5
15. Wilshire Center	94-1949	10
<u>PROPOSED DISTRICTS</u>		
1. Brentwood	96-0941	11
2. Canoga Park	96-1439	3
3. Chatsworth	96-1007	12
4. Crenshaw	96-1964	10
5. Eagle Rock	96-0895	14
6. El Sereno	96-0894	14
7. Encino	96-0491	11
8. Fairfax / Melrose	96-0685	5
9. Fairfax / Pico	97-1211	5,10
10. Granada Hills	96-1008	12
11. Highland Park	96-0088	1
12. Hollywood Entertainment District II	96-0575 S1	13
13. Hollywood Media District	97-1253	4,13
14. Jefferson Corridor	96-0889	10
15. Leimert Park Village	96-1057	8
16. Little Tokyo	96-0844	9
17. Northridge	96-1006	12
18. Pico Corridor	96-1963	10
19. Reseda	96-0580	3
20. Sherman Oaks	96-0611	5
21. Slauson / Central	93-1462	9
22. South Robertson	97-1462	5,10
23. Studio City	96-0610	2, 5
24. Third Street	97-1024	5
25. Van Nuys Auto Row	97-1926	11
26. Vermont	96-1683	9
27. Washington Boulevard	97-1463	10
28. Wilmington	96-0897	15
29. Woodland Hills	96-0492	11

"Established Districts" refers to areas which have completed the legislative process and are commencing or continuing operations.

"Proposed Districts" refers to areas under consideration relative to feasibility and includes areas which have begun the formation process.

For additional information, please call (213) 237-0996 / Fax (213) 237-0674

GEOLIST2/REV081098



J. MICHAEL CAREY
City Clerk

When making inquiries
relative to this matter
refer to File No.

CITY OF LOS ANGELES
CALIFORNIA



RICHARD J. RIORDAN
MAYOR

Office of the
CITY CLERK
Council and Public Services
Room 615, City Hall
Los Angeles, CA 90012
Council File Information - (213) 485-5703
General Information - (213) 485-5705

96-1972

August 5, 1998

COMMUNITY & ECONOMIC DEVELOPMENT COMMITTEE
PERSONNEL COMMITTEE
BUDGET & FINANCE COMMITTEE

In accordance with Council Rules, communication from the City Administrative Officer (CAO) relative to proposal to create the positions of Business Improvement District (BID) Director and Administrative Assistant to assist the BID Director for the Citywide BID Program, was referred on August 4, 1998, to the COMMUNITY & ECONOMIC DEVELOPMENT COMMITTEE, PERSONNEL COMMITTEE and BUDGET & FINANCE COMMITTEE.

J. Michael Carey
City Clerk
amm

CITY ADMINISTRATIVE OFFICER



TO	The Mayor The Council	DATE	July 29, 1998	CAO FILE No.	0111-30159-0000
REFERENCE	Citywide Business Improvement District (BID) Policy C.F. 96-1972; C.F. 96-1972-S2			COUNCIL FILE No.	
SUBJECT	Proposal to create the positions of Business Improvement District Director and Administrative Assistant to assist the BID Director for the Citywide BID program			COUNCIL DISTRICT	

SUMMARY

In January 1998, the City Council and the Mayor approved the Citywide Business Improvement District (BID) Policy (C.F. 96-1972 and C.F. 96-1972-S1). The BID policy established the guidelines for communities interested in establishing BIDs in the City. The policy also supports business and property owners who want to take the lead to establish a BID. Recommendation No. 4 of the Council and Mayor action requests the Los Angeles Business Team, located within the Mayor's Office of Economic Development (MOED) to continue to serve as the City's marketing arm for BIDs and to assist communities with pre-BID activities. To more fully address the City's policy of support to those interested in establishing BIDS and to centralize the outreach, education and marketing of the BIDs, MOED proposes the creation of two new positions within its operation, BID Director and Administrative Assistant to the Director.

As proposed, the BID Director will:

- Act as the spokesperson and marketing agent for the City's BIDs;
- Promote greater visibility of LA's BIDS and convey a positive message to diverse audiences about doing business in the City of Los Angeles;
- Develop and implement marketing strategies for BIDS, including media coverage and the creation of informative brochures;
- Work closely with each Council Office to assist with initiation and implementation of BIDs;
- Attend forums conducted by interested business leaders to inform them about the BID process;
- Provide coordination between the BID communities and City departments involved with BIDs;
- Review the BID process to consider policy modifications to improve the process;
- Establish a Web site to link BIDs to the City;

(Summary continued)

COMNTY & ECON DEV
PERSONNEL

BUDGET AND FINANCE AUG 1998

K. Cornue
CITY ADMINISTRATIVE OFFICER



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BY CITY CLERK
DEPUTY

- Conduct Round table discussions with all BIDs Citywide to share ideas, improve communication and foster cooperation;
- Remain informed about individual BID programs and initiatives and assist as needed;
- Attend workshops, seminars and conferences to promote LA's BIDs, keep abreast of BID activity throughout the country and promote best practices.

The Administrative Assistant to the BID Director is proposed to:

- Assist the BID Director with implementation of the BID program;
- Manage the BID Office;
- Provide information and assistance to established BIDs, proposed BIDs and to those interested in the BID process;
- Maintain complete and accurate records about the BIDs, from inception to completion, including significant milestones and events for each BID;
- Assist the BID Director with promotional events;
- Perform other duties assigned by the Director.

In September 2000, the International Downtown Association (IDA) will conduct its annual conference in the City of Los Angeles at the Regal Biltmore Hotel. BIDs throughout the United States, Canada and Europe belong to the IDA, the only professional organization with a BID/Downtown/Commercial District focus. The City of Los Angeles, through its BID Director, could be a major participant in this conference. MOED reports that the City could host a reception, perhaps at the new California Science Museum located in the Figueroa Corridor BID and provide bus tours of the City's BIDs. The BID Director could coordinate the tours and recruit BID Executive Directors from established BIDs to be tour guides. The Fashion District, Downtown Center, Figueroa Corridor and Hollywood Entertainment BIDs are all members of IDA.

To operate this program, MOED requests a total of \$438,163. This includes \$108,163 for salaries for 11 months for the BID Director (Mayoral Aide VIII - \$71,500) and Administrative Assistant (Mayoral Aide IV - \$36,666), \$80,000 for expenses, including equipment (\$9,600), contractual services (\$20,000), travel/transportation (\$5,000), printing (\$2,500), advertising/marketing/trade shows (\$30,700), and administration (\$12,200) and \$250,000 to be placed into the BID Trust Fund. The annual cost for this program is \$448,000.

The proposed \$250,000 General Fund allocation to the BID Trust Fund would be used to cover the cost of consultant services. In March 1998, the City Council and Mayor allocated \$500,000 in Community Development Block Grant (CDBG) funds for BIDs (C.F. 98-0245). BIDs funded with CDBG monies must meet CDBG eligibility requirements. Because this program is intended to benefit all areas of the City, it would not be appropriate to fund this Citywide program proposal solely with CDBG funds. If the proposed \$250,000 General Fund allocation to the BID Trust Fund is approved, there would be a total of \$750,000 available for BIDs.

(Summary continued)



The consultants help communities determine the feasibility of establishing BIDs by conducting focus groups, surveys, providing newsletters, collecting accurate information on each property proposed to be assessed and writing the assessment formula. As proposed, the BID Director would submit all BID funding requests with recommendations to the City Council for approval.

According to the City's BID policy, the City Clerk serves as the central coordinating office to maintain the Task Force, comprised of the Departments of Building and Safety, City Council, Chief Legislative Analyst, City Attorney, Transportation, Community Development, Community Redevelopment, Planning and Public Works. The City Clerk also guides BIDs through the City process. The focus of MOED's proposed program is pre-BID formation and post-BID establishment assistance to the business community. MOED reports that both the City Clerk's functions and the BID Office's proposed functions may work well together to provide a cohesive BID program for the City.

The proposed BID Office would be a one-stop center for information, referrals and assistance to the business community. MOED reports that the proposal for a BID Office is consistent with the operations in other large cities. The BID operation in other cities is usually located in the Office of Business/Economic Development (OED). Because the City does not currently have an OED, MOED proposes that the BID Office be placed within MOED. However, if the City should establish an OED in the future, MOED states that the BID program should be incorporated into the OED. At present, MOED reports its entire staff is dedicated to serving each Council District. As proposed, this would provide an Office and staff dedicated to the BID program.

RECOMMENDATIONS

That the City Council, subject to the approval of the Mayor:

1. Approve the establishment of Business Improvement District Office within the Mayor's Office of Economic Development;
2. Resolve that, pursuant to the Los Angeles Administrative Code, Section 4.133 (a), the following two positions in the Mayor's Office of Economic Development are approved for the 11 month period, from August 1, 1998 through June 30, 1999.

No.	Class Code	Title	Period
1	0148	Mayoral Aide VIII	11 months
1	0143	Mayoral Aide IV	11 months

3. Transfer \$188,163 from the Reserve Fund to the Unappropriated Balance and appropriate therefrom to the following accounts within the Mayor's Office, Fund 100/46, as follows:

(Recommendations continued)



Account Number	Title	Amount
1010	Salaries - General	\$108,163
2120	Printing & Binding	2,500
2130	Travel	3,000
3040	Contractual Services	20,000
3310	Transportation	2,000
6010	Office and Administrative	<u>52,500</u>
	Total	<u>\$188,163</u>

4. Transfer \$250,000 from the Reserve Fund to the Unappropriated Balance and appropriate therefrom to the Business Improvement Trust Fund, Fund 14/659.

FISCAL IMPACT STATEMENT

The General Fund impact of establishing and operating the proposed Business Improvement District Office is \$438,163 which includes salaries for 11 months and operating costs of \$188,163 and a BID Trust Fund deposit of \$250,000. The annual cost of this operation would be \$448,000.

JOS:dbu

32555c79



COMMUNITY & ECONOMIC DEVELOPMENT COMMITTEE

Report/Communication for Signature

Council File Number: 95-0080, 96-1972 + 97-1462

Committee Meeting Date: 05-08-01

Council Date: 09-19-01

COMMITTEE MEMBER	YES	NO	ABSENT
Councilmember Hernandez, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Councilmember Holden	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Councilmember Pacheco	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Remarks Receive and file inactive files

J. MICHAEL CAREY
City Clerk

When making inquiries
relative to this matter
refer to File No.

CITY OF LOS ANGELES
CALIFORNIA



RICHARD J. RIORDAN
MAYOR

Office of
CITY CLERK
Council and Public Services
Room 395, City Hall
Los Angeles, CA 90012
Council File Information - (213) 485-5703
General Information - (213) 485-5705

Pat Healy
Chief Legislative Assistant

96-1972 & S1

PLACE IN FILES

FEB 25 1998

DEPUTY

January 23, 1998

Community Development Department (with file)

Attn: Raul Gonzales, Contract Division

City Administrative Officer

Chief Legislative Analyst

City Attorney

Controller, Room 220,

Accounting Division, F&A

Disbursement Division

Councilmember Hernandez

Community Redevelopment Agency

Honorable Richard Riordan, Mayor

cc: Los Angeles Business Team

Councilmember Goldberg

Councilmember Ridley-Thomas

City Clerk, Executive Office

cc: Land Records Division

RE: CITYWIDE BUSINESS IMPROVEMENT DISTRICT (BID) POLICY

At the meeting of the Council held January 14, 1998, the following
action was taken:

Attached report adopted.....	<u>X</u>
Attached motion () adopted.....	_____
Attached resolution adopted.....	_____
Motion adopted to approve attached report.....	_____
Motion adopted to approve attached communication.....	_____
FORTHWITH to concerned departments.....	_____
Mayor concurred.....	<u>1-21-98</u>
Findings adopted.....	_____
Negative Declaration adopted.....	_____
Categorically exempt.....	_____
Generally exempt.....	_____

J. Michael Carey

City Clerk
et

steno\961972

*CA 2
2/25/98*

JAN 28 1998



Mayor's Time Stamp

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JAN 20 PM 3:23

MAYOR

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98 JAN 20 PM 3:07

BY CITY CLERK
DEPUTY

SUBJECT TO MAYOR'S APPROVAL

COUNCIL FILE NO. 96-1972 & S1

COUNCIL DISTRICT NO. _____

COUNCIL APPROVAL DATE January 14, 1998

RE: CITYWIDE BUSINESS IMPROVEMENT DISTRICT (BID) POLICY

JAN 30 1998

LAST DAY FOR MAYOR TO ACT _____

(10 Day Charter requirement as per Charter Section 354)

DO NOT WRITE BELOW THIS LINE - FOR MAYOR OFFICE USE ONLY

APPROVED

*DISAPPROVED

*Transmit objections in writing
pursuant to Charter Section 354

DATE OF MAYOR APPROVAL OR DISAPPROVAL

JAN 21 1998

JAN 22 1998

MAYOR

steno\961972

FILED
CITY CLERK'S OFFICE

'98 JAN 21 P4:39

CITY CLERK

BY.

DEPT 7

JAN 30 1888

JAN 30 1888

7

COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE
Report/~~Communication~~ for Signature

Council File Number 96-1972 & 51

Committee Meeting Date 1-5-98

Council Date 1-14-98

COMMITTEE MEMBER	YES	NO	ABSENT
COUNCILMEMBER HERNANDEZ, Chair	✓		
COUNCILMEMBER GOLDBERG	✓		
COUNCILMEMBER RIDLEY-THOMAS		✗	✓

Remarks BID policy

Cynthia Landis, Legislative Assistant ♦♦♦ Telephone 485-5733

TO THE COUNCIL OF THE
CITY OF LOS ANGELES

Your COMMUNITY AND ECONOMIC DEVELOPMENT Committee
reports as follows:

Public Comments: Yes No
XXX —

COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE REPORT relative to
the Citywide Business Improvement District (BID) Policy.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF
THE MAYOR:

1. APPROVE the proposed "Business Improvement District Policies and Implementation Guidelines".
2. REQUEST the City Clerk obtain City Council approval for each request for a BID Assessment Credit on a "case-by-case" basis, inasmuch as the BID Adjustment Credit will have a different fiscal impact for each area. Additionally, the City Clerk should be requested to provide a fiscal impact report to Council during the annual review process.
3. INSTRUCT the City Clerk to assume the responsibility as the central coordinator for the BID program.
4. REQUEST the Los Angeles Business Team (Mayor's Office), in that pre-BID formation is an economic development marketing tool, and DIRECT the Community Redevelopment Agency, and the Community Development Department to continue to market and disseminate BID information within the business community.
5. INSTRUCT the Chief Legislative Analyst to re-evaluate and analyze BIDs as part of the city's overall economic development strategies and include this topic in discussion of Economic Development Consolidation.
6. INSTRUCT the City Clerk to prepare guidelines on the BID program and inform the Mayor and Council Offices on the steps/procedures for BID formation, expansion and renewal.
7. REQUEST the City Clerk, the Mayor's Office and DIRECT the Community Development Department to evaluate the proposed BID policy and report back in six months with any changes or recommendations on its application.
8. INSTRUCT the City Administrative Officer to meet with the City Clerk and other City departments or agencies as necessary, to determine the source or sources of funding for

the payment of currently identified business improvement district assessments levied on City owned real property, as well as assessments which may be levied on City property in the future; and, to then establish a procedure for any transfer or appropriation which may be required to pay such assessments when due.

9. DIRECT the City Controller to establish the necessary fund and accounts for the receipt and disbursement of funds, including appropriations and transfers as required, relative to business improvement district assessments levied on parcels of City owned real property. The new fund would be known as the "Business Improvement District Assessment Payment Fund" and would be administered by the City Clerk.
10. REQUEST the City Clerk, with the assistance of the City Controller, to prepare an annual report which identifies all paid business improvement district assessments levied on City real property.
11. REQUEST the City Clerk to sign off on Proposition 218 ballots and support petitions for property-based BIDs, unless the Council directs otherwise.
12. TRANSFER \$5,975 from the Reserve Fund to the Unappropriated Balance and appropriated therefrom to the General City Purpose Fund, Line Item Revenue Forecasting Assistance.
13. AUTHORIZE the City Clerk to have Municipal Resource Consultants establish and report revenue information for the four BIDs commonly known as Westwood Village, the Fashion District, Wilshire Center, and the Hollywood Entertainment District.

Fiscal Impact Statement: The City Clerk estimates that, depending on the number of City properties that would be assessed in the future under Proposition 218, the City could be obligated to pay up to \$25,000 per year. The City Clerk will continue to recover the direct cost of administering the BID billings and contract monitoring. The amount of Business Tax Credits are unknown and will be determined on a case-by-case basis.

Summary

On January 5, 1998, your Community and Economic Development Committee considered the Mayor's LA Business Task Force City of Los Angeles Business Improvement Districts Policy and Implementation Guidelines (attached to Council File) and City Clerk and Chief Legislative Analyst recommendations pursuant to the approval and implementation of that policy.

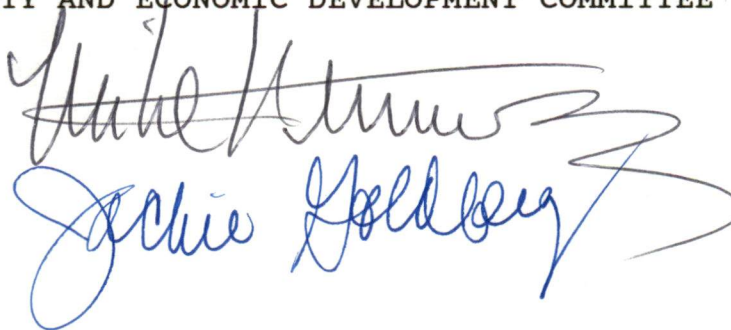
The Committee requested that with respect to consultant funding, where funds are allocated, a match of 50% of the requested amount

is required, of which at least 15% must be in cash. In addition, with the Mayor's representative's concurrence, the Committee revised the Business Improvement District Assessment Credit each business within the district would be eligible for over a four year period, with the understanding that the credits were to remain revenue neutral.

The Community and Economic Development Committee concurred with the City Clerk and Chief Legislative Analyst recommendations and forwarded that matter to Council for its consideration.

Respectfully submitted,

COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE

A handwritten signature in blue ink, appearing to read "Jackie Goldberg", is written over the printed name of the committee.

RPT.

ADOPTED

JAN 14 1998

Los Angeles City Council

CAL
1/9/98

Mayor With File -354

*****				TIME:
				13 24 15

AGENDA NO. 6-28	YES: 10	NO: 0	ABS: 4	01/14/98
ALARCON.....YES	ALATORRE.....YES	CHICK.....YES	FEUER.....YES	
GALANTER.....YES	GOLDBERG.....YES	HERNANDEZ.....YES	HOLDEN.....YES	
MISCIKOWSKI.....YES	WALTERS..... NO YES	FERRARO.....YES	BERNSON.....ABS	
RIDLEY-THOMASABS	SVORINICH.....ABS	WACHS.....ABS		

COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE

SUGGESTED NOTIFICATION OF COUNCIL ACTION

Council File No. 96-1972 + 51

- ☒ Council Member(s) 1, 13, 8
- ☐ Interested Department _____
- ☒ Mayor (with/without file) _____
- ☒ Chief Legislative Analyst _____
- ☒ City Administrative Officer _____
- ☒ Controller _____
- ☒ City Clerk _____
- ☐ Treasurer _____
- ☐ City Attorney (with / without file) _____
- ☐ General Services Department _____
- ☐ Department of Transportation _____
- ☐ City Planning Department _____
- ☒ Community Development Dept. (with file) -Contract Div. Attn: Raul Gonzales
- ☒ Community Redevelopment Agency _____
- ☐ Board of Public Works _____
- ☐ Private Industry Council _____
- ☒ Los Angeles Bus. Team - Mayor's Office
- ☐ _____
- ☐ _____

City of Los Angeles Business Improvement Districts Policy and Implementation Guidelines

Introduction

The process of establishing a BID is, first and foremost, a process which must originate from and be developed by the business community itself. The City will provide various types of assistance in order to support the development effort and will monitor the progress of an established district. However, the City will not initiate or impose the development process; the motivation and request for district establishment must be generated by the business community. Establishing and operating a BID involves an assessment which is levied by the City only after significant support from the community is demonstrated. *This assessment then goes not to the City but directly back to the BID community to support its agreed upon programs.* A district will derive much of its success directly from the efforts of its members, each of whom may help to decide what types of projects will cost, and the amount of assessment each member in the district will pay to support the projects. A BID is truly a business community driven entity.

This policy seeks to establish guidelines for communities interested in establishing a Business Improvement District (BID) in the City of Los Angeles. The policy is a result of experience both within the City, as well as from the thousands of BIDs already in operation throughout the U.S. In this context, the policy supports business and property owners who want to take the lead in an effort to establish a BID.

The City of Los Angeles recognizes the importance of fostering public-private partnerships to restore and maintain the health and vitality of Los Angeles' neighborhood business districts. The City will actively assist groups interested in establishing BIDs by providing City staff and funding resources to guide groups through the process. The purpose of this policy is to provide guidelines to establish and administer BIDs within the City. The City recognizes the benefits of BIDs, as well as the unique and varied needs of the neighborhood business districts throughout Los Angeles.

City BID Task Force to Assist BID Proponents

The City has created a BID Interdepartmental Task Force to facilitate the development of BIDs and help guide and direct BID policy. This Task Force reports directly to the Community and Economic Development Committee and the Budget and Finance Committee.

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DEPUTY

The Task Force is comprised of representatives from the following offices and departments:

- Building and Safety
- City Council representation
- Chief Legislative Analyst
- City Attorney's Office
- City Clerk's Office
- Department of Transportation
- Community Development Department
- Community Redevelopment Agency
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- Planning Department
- Public Works

The City Clerk's Office will serve as the central coordinating office to maintain the Task Force, as well as guide BIDs through the City process. The City Clerk will develop and publish materials that explain a BID to the communities. These materials can be distributed by the Consultants. BID proponents should direct their questions to the Office of the City Clerk's Special Assessments Unit at (213) 237-0996. The City Clerk's Office will work closely with each department as well as the respective council offices to ensure a BID's success. In addition, the Community Development Department, the Community Redevelopment Agency, as well as LA's Business Team within the Mayor's Office of Economic Development, will continue to serve as the City's marketing arm for BIDs and assist communities with pre-BID activities.

What is a Business Improvement District?

A business improvement district is a geographically defined area in which businesses or property owners have requested that the City assess them for additional services designed to improve the business climate of the area. The BID and the assessments are created under two State laws:

1. The Parking and Business Improvement Act Law of 1989 allows business owners to assess themselves;
2. The Property and Business Improvement Law of 1994 allows owners of real property within a defined area to assess themselves; and
3. Both laws could be utilized to assess both business and property owners within a defined area.

Property and/or business owners within the defined area receive special services designed to improve the business climate of the area.

The level and types of services are determined by the BID. Services may include, but are not limited to:

- parking facilities/restrooms
- security/community policing
- maintenance
- graffiti removal
- street scape improvements
- marketing
- special events
- seasonal decorations
- sidewalk improvements
- street lighting
- decorations
- trash receptacles
- fountains

The goals of a business improvement district include, but are not limited to:

- increased pedestrian traffic for businesses
- increased property values
- increased tax base for the City

These benefits are realized through the variety of services provided, as well as guidance and support from the City.

Establishing a Business Improvement District

The City Clerk's Office will make available materials explaining what a BID is, the difference between a tenant based and property owner based BID, as well as the advantages and disadvantages of each. These materials are considered background materials to assist BID proponents with the first steps of organizing a BID.

Role of the BID proponents -The community proponents of the BID must be representative of those persons who will be assessed if/when a BID is established and they must be prepared to take an active role in the development of the BID. The City requires that the proponent group be a recognized entity within the business community that can enter into contracts with the City. The proponents must lead the BID effort and provide guidance and leadership within the business community to ensure the highest probability for success of the BID. The organization should establish a "core group" or Advisory Committee that can work with the

City to actively develop the BID. As a part of this process, the proponent group will work with the City Clerk to encourage all business owners to obtain a business license.

Generating Community Support -The proponents of a BID must initially demonstrate that the businesses and/or property owners have an interest in the formation of a BID. The City highly recommends this "grass roots" involvement of business and/or property owners, as it has proven to be an essential ingredient to the success of a BID. In addition, the City will not grant seed capital until adequate community support has been documented. Community support could include:

1. An informal petition signed by a significant number of the affected community;
2. Research completed which proves the community understands the way a BID works and how it affects the community; and/or
3. A core advisory group which will take the lead on planning and formation of the BID.

Establishment of realistic time lines regarding the formation of a BID is strongly recommended. Generating community support, documenting the necessary support, and developing a management plan, as well as collecting the funds, all take a substantial amount of time. Communities should not expect to see success overnight. Realistic expectations as to what the benchmarks for success will be will contribute to the overall success of the BID.

The City Clerk's Office will provide a mechanism for evaluating community support for each BID to ensure the investment of seed capital is responsibly granted to communities with a high chance of success in their BID efforts.

Funding for Consultants - City funding is available to hire a consultant to assist with the development of a BID, as long as the City has funds available for this assistance. The consultant's role is to work with the BID proponents, document community support, and develop a management plan for the BID. The consultant should also prepare time lines, based on his/her experience, and after consultation with the City Clerk, provide the community a realistic idea of how long it will take to establish the BID.

The amount of seed capital granted will depend on the scale, size, and complexity of the proposed BID. The request for seed capital should not exceed \$75,000. Typical requests have ranged from \$15,000-\$75,000. The City Clerk's Office will work with the community to establish a realistic budget for seed capital and recommend to the City Council when funds should be allocated. Seed capital will be allocated based on the merits of the grant proposal. Merit will be determined by demonstrated community interests and could include documentation of educational/informational meetings attended by the majority of business/property owners, submission of an informal petition, etc.

A match of up to 50%, and no less than 15% of the requested amount is required for all new proposed BIDs. This match can be in cash or documented in-kind contributions; the

percentage required will be determined on a case-by-case basis. Examples of in-kind contributions include printing, office space, staff time, etc. Renewing and expanding BIDs may be allocated seed funds on a case-by-case basis. If funds are allocated, a match of 50% of the requested amount is required at least 15% of which must be in cash. The City Clerk will review the submitted documentation and will provide a funding recommendation to the Mayor and City Council.

Selecting a Consultant - The City Clerk's Office will make available a list of potential consultants for the Advisory Committee to contact. The Advisory Committee will work with the City and together, interview a minimum of three consultants. If a BID group is not requesting seed capital from the City, the City does not have to be involved with the selection of a consultant. Consultants interested in being on the City's list should submit his/her qualifications to the Office of the City Clerk. This process is open; a consultant may submit his/her qualifications at any time. However, the City will be looking for consultants who have successfully demonstrated the capability to guide a community through the BID process, from planning through implementation.

The City will contract with an Advisory Committee or a consultant. The Advisory Committee should be a legally formed entity to enter into a contract with the City. If the City enters into a contract with a consultant, the contract will require sign-offs from the Advisory Committee or community BID proponents. The contract will require all funds to be used only to implement and complete the required petition process, formulate a management plan, devise an assessment formula, communicate and meet with the business/property owners, and prepare and assist with the submittal of the formal BID documents to the City Council. The cost of the engineer's report required by Proposition 218, for Property-based BIDs, is also an allowable cost to the contract.

Assessments - State law requires that, the assessment formula should be fair and equitable, based on the unique service needs and character of the community. The assessments for each business and/or property must be based on benefits received from the services provided. The management plan should be written by the consultant in sufficient detail to allow businesses/property owners to understand what services and activities will be funded. The assessment formula must be stated in terms that will allow the individual business/property owners to determine how much he/she will be assessed. The City will distribute examples of management plans, budgets, and assessment formulas. It is recommended that the BID Advisory Committee and its consultants work with the City Clerk's Office throughout this process. The City can then review proposed work and give feedback to the prospective BID, before the final package goes before City Council. The City Clerk will work with the City Administrative Officer and the community proponent group to determine the appropriate assessment for publicly owned/leased properties.

City Council Adoption of the Business Improvement District

The Council process of BID submissions, protests, and resolutions shall be consistent with California Streets and Highways Code Section 36520 and 36620-36630 inclusive. Both property and business owner based BIDs are subject to these processes.

The BID proponents are responsible for submitting the following items to City Council in order to establish a BID:

- List of recommended individuals who will serve on the Advisory Board;
- A description of the BID boundaries;
- The management plan including an assessment schedule, a budget, and a description of services and programs to be funded; and
- A petition signed by the business owners for tenant based BIDs, or property owners for property based BIDs.

Proponent groups working to establish Property-Based BIDs are responsible for the cost of reproducing the Management District Plan and the cost of mailing the ballots.

Once the BID proponents submit the above materials, a preliminary hearing will be held before the City Council's Community and Economic Development Committee. The City will prepare the necessary report, including the draft Resolution of Intention and Notice to be mailed to all impacted businesses or property owners. The Committee, once it approves of the BID materials, will submit the BID to the full Council for the required hearings. The first hearing will be for the adoption of the Resolution of Intention to levy the BID assessment and to approve the Advisory Board and management plan. The Advisory Board will serve as an oversight committee, reporting annually to Council that the service provider is providing services efficiently and in accord with the specifications of the management plan. The Advisory Board also provides annual reports as set forth in California Street and Highways Code Section 36533 and 36633.

The public meeting required by government code section 54954.6 can be combined with the hearing for the Resolution of Intention. The second hearing will be for adoption of the Assessment Ordinance, which also legally establishes the BID. The City Clerk's Office will mail the required notices to all businesses and property owners that are to be assessed, announcing the date and time of the two hearings and attaching a copy of the Resolution of Intention.

At the second hearing, City Council will consider the written protests that have been submitted by the impacted community before adopting the Assessment Ordinance. If protests exceed more than 50% of the value to be assessed, no further proceedings can be undertaken for one year from the finding of the 50% protest.

The City Council can proceed with the BID if the protest is less than 50%. However, BID proponents are cautioned that they should not expect a favorable vote from the City Council with a significant number of protests.

Operation of the BID

Once a BID is formally established, the Advisory Board must designate a "service provider" to contract with the City and provide services. The City will only enter into a contract with a legally formed California non-profit organization.

BID assessments will be collected from business owners by the City Clerk and from property owners by the County of Los Angeles. The City may advance funds for the first quarter of a new district so that the district can commence work prior to the collection of the assessments. The funds advanced will not exceed one quarter of the total assessment. The advanced funds will then be deducted from the first year's disbursement. In the instance of a tenant-based BID, if a business is not in the district for the entire fiscal or operating year of the district, the business will not be refunded any portion of its paid assessment. That assessment will remain in the BID account as not to overburden those businesses remaining in the district. Any funds remaining at the end of a fiscal year can be spent at the discretion of the Advisory Board of the BID, subject to approval by the City Clerk's Office and subject to the budget approved by the Council.

Incentives for BIDS

BIDS located within a U. S. Housing and Urban Development designated low to moderate income area, a LANI, Transportation Oriented District, or other economically disadvantaged area, as designated by the City Council, may be eligible for a Business Improvement District Assessment Credit (BIDAC). Communities are advised to apply for this credit only if located in an economically disadvantaged area. The credit would be considered on a case by case basis for business-based (tenant) districts, using the actual amount of business tax paid by businesses within the district as a cap, or maximum, on the amount of the allowable credit. The cap will be applied regardless of the actual BID assessment formula.

If approved for a BIDAC by the City Council, each business within the district would be eligible to receive up to a seventy five percent (75%) credit applied against its BID assessment the first year, a sixty percent (60%) credit the second year, a forty five percent (45%) credit the third year, and a thirty percent (30%) credit the fourth year. After the fourth year of district operations, businesses would not be eligible for a BIDAC. One of the criteria for a credit on the BID assessment is a measurable degree of support from the BID community. Each proposed BID community should work with the City Clerk's Office to ensure that adequate support and eligibility for a BID assessment credit can be documented.

Renewals

A Property based BID has a fixed life. The life of a Property based BID is for a period of up to five years, and the authority to levy the annual BID assessment continues for the life of the BID. A tenant based BID is different. Once established by the City Council, a tenant based BID remains established until disestablished by a formal City Council action. However, the annual assessment on the tenants must be approved by the City Council after reviewing the annual district report and proposal for use of the assessment funds during the upcoming year; this is known as the "renewal" or "reconfirmation" process. This annual procedure for funding authority requires the Advisory Board of tenant based BIDs to initiate the renewal process well in advance of the start of each operating year to ensure that there will not be a break in funding.

Proposition 218 and Property Based BIDs

Procedures regarding voting requirements for property based BIDs, as mandated by Article XIII (D) of the California Constitution (Proposition 218), will be implemented by the City Clerk. Property-based BIDs cannot go forward if the City receives a majority protest vote of those property owners who have returned their ballot on the issue of levying an assessment. This is an additional requirement to the BID formation process. Proposition 218 requires that a certified engineers report be completed and included as part of the assessment methodology. The cost of the engineer's report shall be borne by the proponent group.

Improvements on City Property

If a BID makes physical improvements to City property it must provide insurance to assure no City liability, must bond the improvement work and must submit an estimated cost of maintaining the improvements with the annual proposed budget. The Council may require the improvements to be removed if a district is disestablished.

Reimbursement of City Funds

The City will recover the direct costs related to the billing, collection, accounting, and financial transactions of the BID. Direct costs also include salaries, expenses, equipment and any cost charged to the City by Los Angeles County. The City will provide for each BID a realistic estimate of these costs in advance of billing, as well as an accounting of the actual time spent once the BID has been billed. The cost of collection of delinquencies will be borne by the penalty assessed for late payments.

Disestablishment

A BID may be disestablished if:

1. Misappropriation of funds, malfeasance, or a violation of law in connection with the management of the BID;
2. Majority Protest; and/or
3. In the instance of a tenant based BID, disestablishment for any reason upon the action of the City Council to adopt an Ordinance.

If there are funds remaining at the end of a fiscal year, but the district is disestablished, the remaining funds shall be used first to pay any outstanding City costs. The remainder, if any, shall be returned on a pro-rata basis to the business/property owners which are still within the former district's boundaries. The City Clerk shall be responsible for monitoring the above noted disestablishment criteria and shall propose a disestablishment process to the City Council when deemed appropriate. This proposal shall be reviewed by the City Attorney prior to refunding any remaining district funds.

OFFICE MEMORANDUM

Write It — Don't Say It

TO:	<input type="checkbox"/> Your Information
1. John Burmahlin	<input type="checkbox"/> Please Reply
2.	<input type="checkbox"/> See Me
3.	<input type="checkbox"/> Prepare Report
SUBJECT:	<input type="checkbox"/> Please Comment
	<input type="checkbox"/> Per Your Request
	<input type="checkbox"/> Investigate
	<input type="checkbox"/> Initial and Forward
	<input type="checkbox"/> Return by:
	<input type="checkbox"/> For Necessary Attention

The attached report was discussed in the context of the overall policy on Business Improvement Districts. I would suggest that you add the report to the same Council File or create a Sup?

Thanks

FROM:	Date
Mike Carey	1-2-98
	Phone
	5-5708

J. MICHAEL CAREY
CITY CLERK

CITY OF LOS ANGELES
CALIFORNIA



RICHARD J. RIORDAN
MAYOR

OFFICE OF THE
CITY CLERK
ROOM 395, CITY HALL
LOS ANGELES, CA 90012
(213) 485-5708
FAX (213) 237-0636

December 31, 1997

Honorable Members of the Community and Economic Development Committee
Room 340, City Hall
Los Angeles, CA 90012

RE: Reporting Tax Data for BID Areas

Honorable Members:

I indicated that I would obtain the cost of developing special reports for four existing Business Improvement Districts so that we could monitor tax changes in these areas over the life of the Business Improvement District. We currently contract with Municipal Resource Consultants (MRC) for the development and on-going maintenance of the Geobased Revenue Information Program (GRIP). GRIP contains the following tax information: Sales/Use Tax; Property Tax; Business Tax; Transient Occupancy Tax; State Subventions; and other Miscellaneous Revenues. The contract with MRC was limited to providing the tax data for the 15 Council Districts. Any other areas would have to be specially programmed to collect and report the tax data. We are amending the current contract to provide for these special reports that cover areas other than a Council District. Additional funding will also be required to develop any special reports.

The attached letter from MRC details the services that would be provided for the four BID areas that I requested. Once the areas are created, each year we could have a new report generated from GRIP. The cost for developing the four areas and the reports for 1995 and 1996 is \$5,975.


I believe that these reports will be a necessary component of the evaluation of the BIDs that we have created and will create in the future. Increases in tax payments will not necessarily be reflective of the success of a BID. However, the tax data is important for both the City and the BID in making decisions relative to what programs might be needed for the upcoming years.



Honorable Members of the Community and Economic Development Committee

I would recommend that \$5,975 be transferred from the Reserve Fund to the Unappropriated Balance and appropriated therefrom to the General City Purpose Fund, Line Item Revenue Forecasting Assistance and that I be authorized to have MRC establish and report revenue information for the four BIDs commonly known as Westwood Village, the Fashion District, Wilshire Center, and the Hollywood Entertainment District.

Sincerely,


J. MICHAEL CAREY
City Clerk

JMC:jmc

Attachment: Letter From MRC on BID Revenue Data Reports

**MUNICIPAL RESOURCE CONSULTANTS***A partnership of John T. Austin, Inc. & Allen W. Charkow, Inc.*

32107 W. Lindero Canyon Road
Suite 233
Westlake Village, CA 91361
(818) 991-5220
Fax: (818) 991-5365

Tustin
(714) 258-3000

Madera
(209) 432-6039

San Ramon
(510) 838-1115

Sacramento
(916) 971-4732

December 11, 1997

Mr. J. Michael Carey
City Clerk
City of Los Angeles
Room 607, City Hall East
Los Angeles, California 90012

Dear Mr. Carey:

Municipal Resource Consultants (MRC) is providing you with the cost to establish and report information on 4 BIDs using the Geobased Revenue Information Program (GRIP) service, pursuant to your letter of November 6, 1997. The four areas are Westwood Village, Fashion District, Wilshire Center, and Hollywood Entertainment.

The services MRC will provide include:

- Setting-up each BID as a permanent geo area in the GRIP system. This encompasses:
 - Establishing the street ranges for each BID
 - Verifying with the City the street ranges of each BID
 - Entering street ranges into the GRIP system
 - Verifying as necessary on site the boundaries and street ranges of BIDs
- Delivering to the City an electronic geo area file containing the street ranges for each BID and loading it onto the City's computer used for GRIP
- Delivering to the City initial reports-for calendar years 1995 and 1996
 - Each report will set forth the businesses and general revenues, including revenue by SIC code, generated to the City in the respective BIDs

The estimated cost to provide this service for each BID is set forth below:

Westwood Village	\$1,300
Fashion District	\$2,500
Wilshire Center	\$750
Hollywood Entertainment	\$1,425

The total estimated cost to provide this service is \$5,975.

Please call me with any questions.

Sincerely,

Dave Boisselle

Revised on December 16, 1997

D R A F T

City of Los Angeles Business Improvement Districts Policy and Implementation Guidelines

Introduction

The process of establishing a BID is, first and foremost, a process which must originate from and be developed by the business community itself. The City will provide various types of assistance in order to support the development effort and will monitor the progress of an established district. However, the City will not initiate or impose the development process; the motivation and request for district establishment must be generated by the business community. Establishing and operating a BID involves an assessment which is levied by the City only after significant support from the community is demonstrated. *This assessment then goes not to the City but directly back to the BID community to support its agreed upon programs.* A district will derive much of its success directly from the efforts of its members, each of whom may help to decide what types of projects will cost, and the amount of assessment each member in the district will pay to support the projects. A BID is truly a business community driven entity.

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The City of Los Angeles recognizes the importance of fostering public-private partnerships to restore and maintain the health and vitality of Los Angeles' neighborhood business districts. The City will actively assist groups interested in establishing BIDs by providing City staff and funding resources to guide groups through the process. The purpose of this policy is to provide guidelines to establish and administer BIDs within the City. The City recognizes the benefits of BIDs, as well as the unique and varied needs of the neighborhood business districts throughout Los Angeles.

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The City has created a BID Interdepartmental Task Force to facilitate the development of BIDs and help guide and direct BID policy. This Task Force reports directly to the Community and

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CITY CLERK
BY _____
DEPUTY

Economic Development Committee and the Budget and Finance Committee. The Task Force is comprised of representatives from the following offices and departments:

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- Chief Legislative Analyst
- City Attorney's Office
- City Clerk's Office
- Department of Transportation
- Community Development Department
- Community Redevelopment Agency
- Mayor's Office of Economic Development
- Planning Department
- Public Works

The City Clerk's Office will serve as the central coordinating office to maintain the Task Force, as well as guide BIDs through the City process. **The City Clerk will develop and publish materials that explain a BID to the communities. These materials can be distributed by the Consultants. BID proponents should direct their questions to the Office of the City Clerk's Special Assessments Unit at (213) 237-0996.** The City Clerk's Office will work closely with each department as well as the respective council offices to ensure a BID's success. In addition, the Community Development Department, the Community Redevelopment Agency, as well as LA's Business Team within the Mayor's Office of Economic Development, will continue to serve as the City's marketing arm for BIDs and assist communities with pre-BID activities.

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A business improvement district is a geographically defined area in which businesses or property owners have **requested that the City assess them** ~~agreed to assess themselves~~ for additional services designed to improve the business climate of the area. The BID and the assessments are created under two State laws:

1. The Parking and Business Improvement Act Law of 1989 allows business owners to assess themselves;
2. The Property and Business Improvement Law of 1994 allows owners of real property within a defined area to assess themselves; and
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The goals of a business improvement district include, but are not limited to:

- increased pedestrian traffic for businesses
- increased property values
- increased tax base for the City

These benefits are realized through the variety of services provided, as well as guidance and support from the City. ~~The City Clerk will study the possibility of utilizing tax increment funds generated by BID areas to finance long-term projects within the BID.~~

Establishing a Business Improvement District

The City Clerk's Office will make available materials explaining what a BID is, the difference between a tenant based and property owner based BID, as well as the advantages and disadvantages of each. These materials are considered background materials to assist BID proponents with the first steps of organizing a BID.

Role of the BID proponents -The community proponents of the BID must be **representative of those persons who will be assessed if/when a BID is established and they must be prepared to take an active role in the development of the BID.** The City requires that the proponents, ~~at the time of submission of a formal BID petition, be a legally organized entity~~ **proponent group be a recognized entity** within the business community that can enter into contracts with the City. The proponents must lead the BID effort and provide guidance and leadership within the business community to ensure the highest probability for success of the BID. The organization should establish a "core group" or Advisory Committee that can work with the City to actively develop the BID. **As a part of this process, the proponent group will work with the City Clerk to encourage all business owners to obtain a business**

license.

Generating Community Support -The proponents of a BID must initially demonstrate that the businesses and/or property owners have an interest in the formation of a BID. The City highly recommends this "grass roots" involvement of business and/or property owners, as it has proven to be an essential ingredient to the success of a BID. In addition, the City will not grant seed capital until adequate community support has been documented. Community support could include:

1. An informal petition signed by a significant number of the affected community;
2. Research completed which proves the community understands the way a BID works and how it affects the community; and/or
3. A core advisory group which will take the lead on planning and formation of the BID.

Establishment of realistic time lines regarding the formation of a BID is strongly recommended. Generating community support, documenting the necessary support, and developing a management plan, as well as collecting the funds, all take a substantial amount of time. Communities should not expect to see success overnight. Realistic expectations as to what the benchmarks for success will be will contribute to the overall success of the BID.

The City Clerk's Office will provide a mechanism for evaluating community support for each BID to ensure the investment of seed capital is responsibly granted to communities with a high chance of success in their BID efforts.

Funding for Consultants - City funding is available to hire a consultant to assist with the development of a BID, as long as the City has funds available for this assistance. The consultant's role is to work with the BID proponents, document community support, and develop a management plan for the BID. The consultant should also prepare time lines, based on his/her experience, **and after consultation with the City Clerk, provide the community in order to give the community** a realistic idea of how long it will take to establish the BID.

The amount of seed capital granted will depend on the scale, size, and complexity of the proposed BID. The request for seed capital should not exceed \$75,000. Typical requests have ranged from \$15,000-\$75,000. The City Clerk's Office will work with the community to establish a realistic budget for seed capital and recommend to the City Council when funds should be allocated. Seed capital will be allocated based on the merits of the grant proposal. Merit will be determined by demonstrated community interests and could include documentation of educational/informational meetings attended by the majority of business/property owners, submission of an informal petition, etc.

A match of up to 50%, and no less than 15% of the requested amount is required for all new proposed BIDs. This match can be in cash or documented in-kind contributions; the percentage required will be determined on a case-by-case basis. Examples of in-kind

contributions include printing, office space, staff time, etc. **Renewing and expanding BIDs may be allocated seed funds on a case-by-case basis. If funds are allocated,** a match of 50% of the requested amount is required for all expanding BIDs at least 15% of which must be in cash. ~~Renewing and expanding BIDs may be allocated seed funds on a case-by-case basis.~~ The City Clerk will review the submitted documentation and will provide a funding recommendation to the Mayor and City Council.

Selecting a Consultant -The City Clerk's Office will make available a list of potential consultants for the Advisory Committee to contact. The Advisory Committee will work with the City and together, interview a minimum of three consultants. If a BID group is not requesting seed capital from the City, the City does not have to be involved with the selection of a consultant. Consultants interested in being on the City's list should submit his/her qualifications to the Office of the City Clerk. This process is open; a consultant may submit his/her qualifications at any time. However, the City will be looking for consultants who have successfully demonstrated the capability to guide a community through the BID process, from planning through implementation.

The City will contract with an Advisory Committee or a consultant. The Advisory Committee should be a legally formed entity to enter into a contract with the City. If the City enters into a contract with a consultant, the contract will require sign-offs from the Advisory Committee or community BID proponents. The contract will require all funds to be used only to implement and complete the required petition process, formulate a management plan, devise an assessment formula, communicate and meet with the business/property owners, and prepare and assist with the submittal of the formal BID documents to the City Council. **The cost of the engineer's report required by Proposition 218, for Property-based BIDs, is also an allowable cost to the contract.**

Assessments - State law requires that, the assessment formula should be fair and equitable, based on the unique service needs and character of the community. The assessments for each business and/or property must be based on benefits received from the services provided. The management plan should be written by the consultant in sufficient detail to allow businesses/property owners to understand what services and activities will be funded. The assessment formula ~~should~~ **must** be stated in terms that will allow the individual business/property owners to determine how much he/she will be assessed. The City will distribute examples of management plans, budgets, and assessment formulas. It is recommended that the BID Advisory Committee and its consultants work with the City Clerk's Office throughout this process. The City can then review proposed work and give feedback to the prospective BID, before the final package goes before City Council. The City Clerk will work with the City Administrative Officer and the community proponent group to determine the appropriate assessment for publicly owned/leased properties.

City Council Adoption of the Business Improvement District

The Council process of BID submissions, protests, and resolutions shall be consistent with California Streets and Highways Code Section 36520 and 36620-36630 inclusive. Both property and business owner based BIDs are subject to these processes.

The BID proponents ~~must submit~~ **are responsible for submitting** the following items to City Council in order to establish a BID:

- List of recommended individuals who will serve on the Advisory Board;
- A description of the BID boundaries;
- The management plan including an assessment schedule, a budget, and a description of services and programs to be funded; and
- A petition signed by the business owners for tenant based BIDs, or property owners for property based BIDs.

Proponent groups working to establish Property-Based BIDs are responsible for the cost of reproducing the Management District Plan and the cost of mailing the ballots.

Once the BID proponents submit the above materials, a preliminary hearing will be held before the City Council's Community and Economic Development Committee. The City will prepare the necessary report, including the draft Resolution of Intention and Notice to be mailed to all impacted businesses or property owners. The Committee, once it approves of the BID materials, will submit the BID to the full Council for the required hearings. The first hearing will be for the adoption of the Resolution of Intention to levy the BID assessment and to approve the Advisory Board and management plan. The Advisory Board will serve as an oversight committee, reporting annually to Council that the service provider is providing services efficiently and in accord with the specifications of the management plan. The Advisory Board also provides annual reports as set forth in California Street and Highways Code Section 36533 and 36633.

The public meeting required by government code section 54954.6 can be combined with the hearing for the Resolution of Intention. The second hearing will be for adoption of the Assessment Ordinance, which also legally establishes the BID. The City Clerk's Office will mail the required notices to all businesses and property owners that are to be assessed, announcing the date and time of the two hearings and attaching a copy of the Resolution of Intention.

At the second hearing, City Council will consider the written protests that have been submitted by the impacted community before adopting the Assessment Ordinance. If protests exceed more than 50% of the value to be assessed, no further proceedings can be undertaken for one year from the finding of the 50% protest. The City Council can proceed with the BID if the protest is less than 50%. However, BID proponents are cautioned that they should not expect

a favorable vote from the City Council with a significant number of protests.

Operation of the BID

Once a BID is formally established, the Advisory Board must designate a "service provider" to contract with the City and provide services. The City will only enter into a contract with a legally formed California non-profit organization.

BID assessments will be collected from business owners by the City Clerk and from property owners by the County of Los Angeles. The City may advance funds for the first quarter of a new district so that the district can commence work prior to the collection of the assessments. The funds advanced will not exceed one quarter of the total assessment. The advanced funds will then be deducted from the first year's disbursement. In the instance of a tenant-based BID, if a business is not in the district for the entire fiscal or operating year of the district, the business will ~~forfeit its paid assessment~~ **not be refunded any portion of its paid assessment**. That assessment will remain in the BID account as not to overburden those businesses remaining in the district. Any funds remaining at the end of a fiscal year ~~shall be spent at the discretion of the BID, subject to approval by the City Clerk's Office.~~ **can be spent at the discretion of the Advisory Board of the BID, subject to approval by the City Clerk's Office and subject to the budget approved by the Council.**

Incentives for BIDS

BIDS located within a U. S. Housing and Urban Development designated low to moderate income area, a LANI, Transportation Oriented District, or other economically disadvantaged area, **as designated by the City Council**, may be eligible for a Business Improvement District Assessment Credit (BIDAC). Communities are advised to apply for this credit only if located in an economically disadvantaged area. The credit would be considered on a case by case basis for business-based (tenant) districts, using the actual amount of business tax paid by businesses within the district as a cap, or maximum, on the amount of the allowable credit. The cap will be applied regardless of the actual BID assessment formula.

If approved for a BIDAC by the City Council, each business within the district would be eligible to receive up to a fifty percent (50%) credit applied against its BID assessment the first year, a forty percent (40%) credit the second year, a thirty percent (30%) credit the third year, and a twenty percent (20%) credit the fourth year. After the fourth year of district operations, businesses would not be eligible for a BIDAC. One of the criteria for a credit on the BID assessment is a measurable degree of support from the BID community. Each proposed BID community should work with the City Clerk's Office to ensure that adequate support and eligibility for a BID assessment credit can be documented.

Renewals

A Property based BID has a fixed life. The life of a Property based BID is for a period of up to five years, and the authority to levy the annual BID assessment continues for the life of the BID. A tenant based BID is different. Once established by the City Council, a tenant based BID remains established until disestablished by a formal City Council action. However, the annual assessment on the tenants must be approved by the City Council after reviewing the annual district report and proposal for use of the assessment funds during the upcoming year; this is known as the "renewal" or "reconfirmation" process. This annual procedure for funding authority requires the Advisory Board of tenant based BIDs to initiate the renewal process well in advance of the start of each operating year to ensure that there will not be a break in funding.

Proposition 218 and Property Based BIDs

Procedures regarding voting requirements for property based BIDs, as mandated by Article XIII (D) of the California Constitution (Proposition 218), will be implemented by the City Clerk. ~~According to a City Attorney opinion, property-based BIDs must have a majority vote of the affected property owners to establish a BID.~~ **Property-based BIDs cannot go forward if the City receives a majority protest vote of those property owners who have returned their ballot on the issue of levying an assessment.** This is an additional requirement to the BID formation process. ~~The City Clerk has included the BID assessment election process as part of the BID formation process.~~ **Proposition 218 requires that a certified engineers report be completed and included as part of the assessment methodology. The cost of the engineer's report shall be borne by the proponent group.**

Improvements on City Property

If a BID makes physical improvements to City property it must provide insurance to assure no City liability, must bond the improvement work and must submit an estimated cost of maintaining the improvements with the annual proposed budget. The Council may require the improvements to be removed if a district is disestablished.

Reimbursement of City Funds

The City will recover the direct costs related to the billing, collection, accounting, and financial transactions of the BID. Direct costs also include salaries, expenses, and equipment **and any cost charged to the City by Los Angeles County.** The City will provide for each BID a realistic estimate of these costs in advance of billing, as well as an accounting of the actual time spent once the BID has been billed. The cost of collection of delinquencies will be borne by the penalty assessed for late payments.

Disestablishment

A BID may be disestablished if:

1. Misappropriation of funds, malfeasance, or a violation of law in connection with the management of the BID;
2. Majority Protest; and/or
3. In the instance of a tenant based BID, disestablishment for any reason upon the action of the City Council to adopt an Ordinance.

If there are funds remaining at the end of a fiscal year, but the district is disestablished, the remaining funds shall be used first to pay any outstanding City costs. The remainder, if any, shall be returned on a pro-rata basis to the business/property owners which are still within the former district's boundaries. **The City Clerk shall be responsible for monitoring the above noted disestablishment criteria and shall propose a disestablishment process to the City Council when deemed appropriate. This proposal shall be reviewed by the City Attorney prior to refunding any remaining district funds.**

COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE

MONDAY - DECEMBER 1, 1997

2:00 P.M. - ROOM 238 - CITY HALL
200 N. SPRING STREET, LOS ANGELES, CA 90012

MEMBERS: COUNCILMEMBER MIKE HERNANDEZ, CHAIR
COUNCILMEMBER JACKIE GOLDBERG
COUNCILMEMBER MARK RIDLEY-THOMAS

(John C. Burmahln - Legislative Assistant - 213-485-5745)

FILE NO.

SUBJECT

(1)

96-1972
& S1

Continued from 11/17/97 Meeting

HEARING on a proposed Citywide Business Improvement District (BID) Policy and consideration of Business Community recommendations.

Fiscal impact statement submitted: Yes, by CLA/CDD

DISPOSITION

Continue for revised policy 1/98

(2)

97-2017

CDD report relative to a request to execute an MOU between CDD and General Services Department (GSD) to allocate CDBG funds of work performed by GSD at various neighborhood facilities.

Fiscal impact statement submitted: Yes, by CDD

DISPOSITION

(3)

97-0241-
S12
CD 1

CDD report relative to a request to negotiate and execute an MOU between CDD and the General Services Department to repair a City-owned facility at 2661 Pasadena Avenue.

Fiscal impact statement submitted: Yes, by CDD

DISPOSITION

(4)

97-0689
CDs 8,9,
15

CDD report relative to a request to approve the Enterprise Community Oversight Committee budget and one position authority for the implementation and administration of the South Central Los Angeles Enterprise Community. **(Also referred to Personnel and Budget & Finance Committees)**

Fiscal impact statement submitted: Yes, by CDD

DISPOSITION

COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE

Monday - December 1, 1997

Page 1

FILE NO.

SUBJECT

(5)

97-1500 CDD report relative to amending the MOU No.94692 between CDD, the Department of Public Works, and the Los Angeles Police Department to alter the project budget and delete any reference to activities to be performed by the LAPD under the MOU. **(Also referred to Public Works Committee)**

Fiscal impact statement submitted: Yes, by CDD

DISPOSITION _____

(6)

95-0440- CDD report requesting authority to reprogram CSBG Earthquake Funds
S2 and to expend CSBG Earthquake Program/Program Income Funds in Fiscal Year 1997-98.

Fiscal impact statement submitted: Yes, by CDD

DISPOSITION _____

(7)

(Continued from 11/17/97 meeting)

97-1239 Communication from the Los Angeles Convention Center relative to its 1995-96 Annual Report (referred July 22, 1997).

DISPOSITION _____

COMMENTS FROM PUBLIC ON ITEMS OF PUBLIC INTEREST
UNDER COMMITTEE'S SUBJECT MATTER JURISDICTION

cd1201.agd

I WISH TO BE HEARD BEFORE THE CITY COUNCIL

AGENDA ITEM NO. 1

TODAY'S DATE 12/1/87

I am speaking FOR ☒ AGAINST ☐ the Agenda Recommendation

COUNCIL FILE NO.: 96-1972

SUBJECT: _____

Name: SHERI FRANKLIN

Street: 3910 W. Inck #228

City: LA CA 90008

Telephone: (213) 299-4097

Are you speaking on your own behalf? YES ☒ NO ☐

If NO, and you are being compensated to speak for or represent someone other than yourself, please disclose who you are representing:

Name: _____

Street: _____

City: _____

(over)

What relationship do you have with the person you are speaking for or representing? (Check as many as apply)

☐ Lobbyist for person.

☐ Employee of the person.

☐ Attorney for person.

☐ Other:_____.

Are you registered as a Lobbyist with the City Ethics Commission?*

YES ☐ NO ☐

* Any questions about the City's Lobbying Law should be directed to the City Ethics Commission at (213) 237-0310. You may also go to the Commission Office at 201 N. Los Angeles Street, L.A. Mall, Suite 2, Los Angeles, CA 90012.

PLEASE GIVE THIS CARD TO ONE OF THE TWO POLICE OFFICERS AT THE FRONT OF THE COUNCIL ROOM WELL BEFORE YOUR ITEM IS TO BE HEARD BY THE CITY COUNCIL.

CITY LOS ANGELES SPEAKER CARD

Date

12-1-97

Council File No., Agenda Item, or Case No.

#1

I wish to speak before the

CED Committee

Name of City Agency, Department, Committee or Council

Do you wish to provide general public comment, or to speak for or against a proposal on the agenda? () For proposal

() Against proposal

Name:

Ed Henning

☒ General comments

Business or Organization Affiliation:

Henning & Associates

Address:

PO Box 9084

City

Whittier CA 90608

State

Zip

Business phone:

562-693-4917

Representing:

EHA

CHECK HERE IF YOU ARE A PAID SPEAKER AND PROVIDE CLIENT INFORMATION BELOW:

☐

Client Name:

Phone #:

Client Address:

Street

City

State

Zip

Please see reverse of card for important information and submit this entire card to the presiding officer or chairperson.

I WISH TO BE HEARD BEFORE THE CITY COUNCIL

AGENDA ITEM NO. 1

TODAY'S DATE 12/1/97

I am speaking FOR [] AGAINST [] the Agenda Recommendation

COUNCIL FILE NO.: CF 96-1972

SUBJECT: BID Policy

Name: Marz L Mandri

Street: 606 W. Date St. #218

City: San Diego CA

Telephone: (619) 493-3685

Are you speaking on your own behalf? YES [☒] NO []

If NO, and you are being compensated to speak for or represent someone other than yourself, please disclose who you are representing:

Name: _____

Street: _____

City: _____

What relationship do you have with the person you are speaking for or representing? (Check as many as apply)

☐ Lobbyist for person.

☐ Employee of the person.

☐ Attorney for person.

☐ Other:_____.

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YES ☐ NO ☐

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PLEASE GIVE THIS CARD TO ONE OF THE TWO POLICE OFFICERS AT THE FRONT OF THE COUNCIL ROOM WELL BEFORE YOUR ITEM IS TO BE HEARD BY THE CITY COUNCIL.

CITY LOS ANGELES SPEAKER CARD

Date

12-1-97

Council File No., Agenda Item, or Case No.

CF 96-1972

I wish to speak before the

COMMUNITY + ECONOMIC DEVELOPMENT COMMITTEE

Name of City Agency, Department, Committee or Council

Do you wish to provide general public comment, or to speak for or against a proposal on the agenda? () For proposal

() Against proposal

() General comments

Name: BRUCE ACKERMAN

Business or Organization Affiliation:

THE ACKERMAN GROUP

Address:

7400

JASON AVE.

WEST HILLS

CA

91307

Street

City

State

Zip

Business phone:

(818) 999-6867

Representing:

SELF

CHECK HERE IF YOU ARE A PAID SPEAKER AND PROVIDE CLIENT INFORMATION BELOW:

☐

Client Name:

Phone #:

Client Address:

Street

City

State

Zip

Please see reverse of card for important information and submit this entire card to the presiding officer or chairperson.

CITY ☐ LOS ANGELES SPEAKER ☒ CARD

Date

12/1/97

Council File No., Agenda Item, or Case No.

96-1972 #1

I wish to speak before the

COMMUNITY & ECONOMIC DEV. COM.

Name of City Agency, Department, Committee or Council

Do you wish to provide general public comment, or to speak for or against a proposal on the agenda? () For proposal

() Against proposal

Name: LEE STROUC () General comments

Business or Organization Affiliation:

DOWNTOWN FOCUS

Address:

13215 PENN ST, STE 223 WHITTIER CA 90602

Street

City

State

Zip

Business phone: (562) 693-8842

Representing: MYSELF

CHECK HERE IF YOU ARE A PAID SPEAKER AND PROVIDE CLIENT INFORMATION BELOW:

☐

Client Name:

Phone #:

Client Address:

Street

City

State

Zip

Please see reverse of card for important information and submit this entire card to the presiding officer or chairperson.

CITY ☐ LOS ANGELES SPEAKER ☒ ORD

Date

12/1/96

Council File No., Agenda Item, or Case No.

96-1972 : 51 #1

I wish to speak before the Community & Economic Development Committee
Name of City Agency, Department, Committee or Council

Do you wish to provide general public comment, or to speak for or against a proposal on the agenda? () For proposal
() Against proposal
Name: Nancy Hermann (X) General comments

Business or Organization Affiliation: Hermann & Associates

Address: 13013 Nesby St Sherman Oaks CA 91423
Street City State Zip

Business phone: 818-386-9038 Representing: _____

CHECK HERE IF YOU ARE A PAID SPEAKER AND PROVIDE CLIENT INFORMATION BELOW: ☐

Client Name: _____ Phone #: _____

Client Address: _____
Street City State Zip

Please see reverse of card for important information and submit this entire card to the presiding officer or chairperson.

THE MARCO GROUP

LOS ANGELES

GED Auth
12/1/97

November 28, 1997

To: Honorable Councilman Mike Hernandez, Chairman
Honorable Councilman Mark Ridley-Thomas
Honorable Councilwoman Jackie Goldberg
City Council Committee on Community and Economic
Development

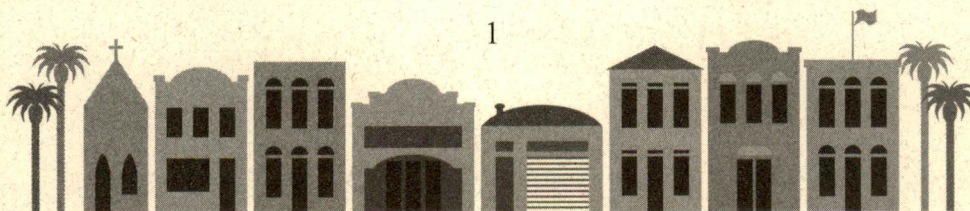
SUBJECT: Response to Draft Policy on Business Improvement Districts

Dear City Council Members:

Attached please find a few amendments and notes to the policy under discussion on Business Improvement Districts in Los Angeles. I have served as the President of, worked for, or established at least 20 BIDs in Southern California over the past 10 years. The Marco Group is the consulting group which successfully brought the Lincoln Heights BID to the City Council last July with the innovative "BID tax credit proposal" which was eventually adopted by both this Committee and the full Council.

The Greater Lincoln Heights BID was enthusiastically supported by the business community of Lincoln Heights. City Clerk records will reveal that we received over 240 petitions in support of the establishment of this BID and less than 5 petitions in opposition. *Such overwhelming support for a business license based BID is unprecedented in the City of Los Angeles.*

The concept of the "BID Assessment Credit" outlined in this policy was one put forward by the Marco Group, the Greater Lincoln Heights BID Coordinating Council and Councilman Mike Hernandez. We spent months researching the feasibility of this credit policy and in the process were informed by Councilman Alatorre's office of the overwhelming voter approval for Charter Amendment 1 in 1993.



P.O. BOX 31304 LOS ANGELES, CALIFORNIA 90031 • (213) 499-2179 • FAX: (619) 233-4866

Using the provisions of Charter Amendment 1, the pre-designated "economic incentive zones" determined by the City Council, as well as precedent setting actions by the Council on issues such as the Marina del Rey Dreamworks tax incentives, Councilman Hernandez' office and I met with the Mayor's office in August 1996 to determine a rough draft BID policy for the City.

In August 1996, Council District 1 Chief of Staff Ed Reyes, Deputy Mayor Gary Mendoza, Mayor Business Team Representative Laura Signs and I met to discuss the proposed BID policy. The Mayor's office was aware that the Lincoln Heights BID was going to Council with the provision written into the ordinance for the tax credit.

OUR CONTENTION FROM THE OUTSET WAS THAT LINCOLN HEIGHTS SHOULD NOT BE A SPECIAL CASE. RATHER THE LINCOLN HEIGHTS B.I.D. WOULD BE THE FIRST OF MANY BUSINESS DISTRICTS WHICH WOULD BE ELIGIBLE FOR SUCH A TAX CREDIT, CONDITIONAL UPON CERTAIN "ECONOMIC INCENTIVE" DISTINCTIONS.

At this meeting, Deputy Mayor Mendoza agreed to the concept of the BID Tax Credit based upon a sliding scale. *This sliding scale was a compromise* from our consideration for a permanent annual tax credit in the amount of the BID assessments paid to the respective districts. The compromise sliding scale agreed to at that meeting was as follows:

<i>Year</i>	<i>Percentage BID Tax Credit</i>
1	100%
2	75%
3	50%
4	25%
5	0%

Thus, by the 5th year of the BID, the business license holders within that district would pay the full assessment based upon the assessment methodology in the ordinance. This would give that business community falling within the "economic incentive" pool, to determine the value of the BID for five years without suffering the negative impacts of the additional BID assessment. It was felt that the revenue flow generated from the establishment of a BID in these marginal business districts was important for their grassroots revitalization efforts.

In addition, the areas proposed for consideration as “economic incentive” areas included the following:

- ◆ **LANI areas;**
- ◆ **Revitalization Zones;**
- ◆ **Empowerment zones;**
- ◆ **Enterprise communities;**
- ◆ **Redevelopment areas;**

Later added to this were “earthquake impact” areas which were damaged from the 1994 North ridge earthquake.

The current proposal calling for a sliding scale beginning at 50% the first year is an arbitrary number, not approved by any individual integrally involved in this process from the outset.

Let us keep in mind, that this BID credit policy or BIDAC, is something that has been brought to the attention of the Mayor’s office and Council by the action of the Lincoln Heights BID Coordinating Council. The Lincoln Heights business community, along with Councilman Hernandez, have been forging this policy since early 1996. The current proposal before you is an arbitrary attempt to dilute a reasonable policy, (previously endorsed by Deputy Mayor Mendoza), and reassert the leadership of the Mayor’s current staff in this process.

I would encourage the Committee on Community and Economic Development to reassert their prerogative and amend the Draft Policy on BIDs accordingly. Please take a moment to review the proposed changes in the following pages. I am available for questions by the Committee should any of the members so desire.

Sincerely,

**Marco Li Mandri
The Marco Group/Los Angeles**

**COMMENTS FROM THE MARCO GROUP
REGARDING THE PROPOSED DRAFT B.I.D. POLICY
BEFORE THE COMMITTEE ON COMMUNITY AND
ECONOMIC DEVELOPMENT
DECEMBER 1, 1997**

1. Page 4, paragraph 5 under the "Funding for Consultants", the policy states.....

"A match of up to 50% and no less than 15% of the requested amount is required for all new proposed BIDs. This match can be in cash or documented in-kind contributions; the percentage required will be determined on a case by case basis."

COMMENT: This policy is somewhat unrealistic, particularly for business districts that fall within "economic incentive" areas. The key point to be determined by the City prior to funding a BID investigation is whether a legitimate body of business owners exists within the area and whether they are committing their involvement in this process. Their active involvement in the investigation of the feasibility of a BID is far more important than any in-kind matches.

2. Page 7, under "Incentives for BIDs", this section should be amended to state: (Amendments in italics).

"BIDs located within a U.S. Housing and Urban Development designated low to moderate income area, a LANI, Transportation Oriented District, an Empowerment Zone, and Enterprise Community, a Revitalization Zone, a Redevelopment Zone or a

business district impacted by the 1994 Northridge Earthquake, may be eligible for a Business Improvement District Assessment Credit. Communities are advised to apply for this credit only if located in an economically disadvantaged area. The credit would be considered only forbusiness-based (tenant) districts, using the actual amount of business tax paid by the businesses within the district as a cap, or maximum, on the amount of the allowable credit. The cap will be applied regardless of the actual BID assessment formula.

If approved for a BIDAC by the City Council, each business within the district would be eligible to receive up to a one hundred percent (100%) credit applied against its BID assessment the first year, a seventy five (75%) credit the second year, a fifty percent (50%) credit the third year, a twenty five percent (25%) the fourth year. After the fourth year of district operations, businesses would not be eligible for a BIDAC. (Omit the rest of the paragraph.)

COMMENT: If you don't have measurable support for a BID, it should never get through the Committee on Community and Economic Development. Opposition to a BID, regardless of the majority protest provisions of Senate Bill 1424, should never exceed support for a BID. If the Council establishes a BID where opposition exceeds support, it is creating the basis for a disestablishment movement.)

Respectfully submitted,

- Marco Li Mandri
The Marco Group/Los Angeles
December 1, 1997

Rec'd by e-mail
Fri 11/14/97 4:30 pm
de

To be attached to letter dated September 22, 1997, #1
CF 96- 1972

Revised on November 13, 1997

DRAFT

City of Los Angeles Business Improvement Districts Policy and Implementation Guidelines

Introduction

This policy seeks to establish guidelines for communities interested in establishing a Business Improvement District (BID) in the City of Los Angeles. The policy is a result of experience both within the City, as well as from the thousands of BIDs already in operation throughout the U.S. In this context, the policy supports business and property owners who want to take the lead in an effort to establish a BID.

The City of Los Angeles recognizes the importance of fostering public-private partnerships to restore and maintain the health and vitality of Los Angeles' neighborhood business districts. The City will actively assist groups interested in establishing BIDs by providing City staff and funding resources to guide groups through the process. The purpose of this policy is to provide guidelines to establish and administer BIDs within the City. The City recognizes the benefits of BIDs, as well as the unique and varied needs of the neighborhood business districts throughout Los Angeles.

City BID Task Force to Assist BID Proponents

The City has created a BID Interdepartmental Task Force to facilitate the development of BIDs and help guide and direct BID policy. This Task Force reports directly to the Community and Economic Development Committee and the Budget and Finance Committee. The Task Force is comprised of representatives from the following offices and departments:

- Building and Safety
- City Council representation
- Chief Legislative Analyst
- City Attorney's Office
- City Clerk's Office
- Department of Transportation
- Community Development Department
- Community Redevelopment Agency
- Mayor's Office of Economic Development
- Planning Department

Public Works

The City Clerk's Office will serve as the central coordinating office to maintain the Task Force, as well as guide BIDs through the City process. The City Clerk's Office will work closely with each department as well as the respective council offices to ensure a BID's success. In addition, the Community Development Department, the Community Redevelopment Agency, as well as LA's Business Team within the Mayor's Office of Economic Development, will continue to serve as the City's marketing arm for BIDs and assist communities with pre-BID activities.

What is a Business Improvement District?

A business improvement district is a geographically defined area in which businesses or property owners have agreed to assess themselves for additional services designed to improve the business climate of the area. The BID and the assessments are created under two State laws:

1. The Parking and Business Improvement Act Law of 1989 allows business owners to assess themselves;
2. The Property and Business Improvement Law of 1994 allows owners of real property within a defined area to assess themselves; and
3. Both laws could be utilized to assess both business and property owners within a defined area.

Property and/or business owners within the defined area receive special services designed to improve the business climate of the area. The level and types of services are determined by the BID. Services may include, but are not limited to:

- parking facilities/restrooms
- security/community policing
- maintenance
- graffiti removal
- street scape improvements
- marketing
- special events
- seasonal decorations
- sidewalk improvements
- street lighting
- decorations
- trash receptacles
- fountains

The goals of a business improvement district include, but are not limited to:

- increased pedestrian traffic for businesses

increased property values
increased tax base for the City

These benefits are realized through the variety of services provided, as well as guidance and support from the City. The City Clerk will study the possibility of utilizing tax increment funds generated by BID areas to finance long-term projects within the BID.

Establishing a Business Improvement District

The City Clerk's Office will make available materials explaining what a BID is, the difference between a tenant based and property owner based BID, as well as the advantages and disadvantages of each. These materials are considered background materials to assist BID proponents with the first steps of organizing a BID.

Role of the BID proponents -The community proponents of the BID must be prepared to take an active role in the development of the BID. The City requires that the proponents, at the time of submission of a formal BID petition, be a legally organized entity within the business community that can enter into contracts with the City. The proponents must lead the BID effort and provide guidance and leadership within the business community to ensure the highest probability for success of the BID. The organization should establish a "core group" or Advisory Committee that can work with the City to actively develop the BID.

Generating Community Support -The proponents of a BID must initially demonstrate that the businesses and/or property owners have an interest in the formation of a BID. The City highly recommends this "grass roots" involvement of business and/or property owners, as it has proven to be an essential ingredient to the success of a BID. In addition, the City will not grant seed capital until adequate community support has been documented. Community support could include:

1. An informal petition signed by a significant number of the affected community;
2. Research completed which proves the community understands the way a BID works and how it affects the community; and/or
3. A core advisory group which will take the lead on planning and formation of the BID.

Establishment of realistic time lines regarding the formation of a BID is strongly recommended. Generating community support, documenting the necessary support, and developing a management plan, as well as collecting the funds, all take a substantial amount of time. Communities should not expect to see success

overnight. Realistic expectations as to what the benchmarks for success will be will contribute to the overall success of the BID.

The City Clerk's Office will provide a mechanism for evaluating community support for each BID to ensure the investment of seed capital is responsibly granted to communities with a high chance of success in their BID efforts.

Funding for Consultants - City funding is available to hire a consultant to assist with the development of a BID, as long as the City has funds available for this assistance. The consultant's role is to work with the BID proponents, document community support, and develop a management plan for the BID. The consultant should also prepare time lines, based on his/her experience, in order to give the community a realistic idea of how long it will take to establish the BID.

The amount of seed capital granted will depend on the scale, size, and complexity of the proposed BID. The request for seed capital should not exceed \$75,000. Typical requests have ranged from \$15,000-\$75,000. The City Clerk's Office will work with the community to establish a realistic budget for seed capital and recommend to the City Council when funds should be allocated. Seed capital will be allocated based on the merits of the grant proposal. Merit will be determined by demonstrated community interests and could include documentation of educational/informational meetings attended by the majority of business/ property owners, submission of an informal petition, etc.

A match of up to 50%, and no less than 15% of the requested amount is required for all new proposed BIDs. This match can be in cash or documented in-kind contributions; the percentage required will be determined on a case-by-case basis. Examples of in-kind contributions include printing, office space, staff time, etc. A match of 50% of the requested amount is required for all expanding BIDs at least 15% of which must be in cash. Renewing and expanding BIDs may be allocated seed funds on a case-by-case basis. The City Clerk will review the submitted documentation and will provide a funding recommendation to the Mayor and City Council.

Selecting a Consultant -The City Clerk's Office will make available a list of potential consultants for the Advisory Committee to contact. The Advisory Committee will work with the City and together, interview a minimum of three consultants. If a BID group is not requesting seed capital from the City, the City does not have to be involved with the selection of a consultant. Consultants interested in being on the City's list should submit his/her qualifications to the Office of the City Clerk. This process is open; a consultant may submit his/her qualifications at any time. However, the City will be looking for consultants who have successfully demonstrated the capability to guide a community through the BID process, from planning through implementation.

The City will contract with an Advisory Committee or a consultant. The Advisory Committee should be a legally formed entity to enter into a contract with the City. If the City enters into a contract with a consultant, the contract will require sign-offs from the Advisory Committee or community BID proponents. The contract will require all funds to be used only to implement and complete the required petition process, formulate a management plan, devise an assessment formula, communicate and meet with the business/property owners, and prepare and assist with the submittal of the formal BID documents to the City Council.

Assessments - State law requires that, the assessment formula should be fair and equitable, based on the unique service needs and character of the community. The assessments for each business and/or property must be based on benefits received from the services provided. The management plan should be written by the consultant in sufficient detail to allow businesses/property owners to understand what services and activities will be funded. The assessment formula should be stated in terms that will allow the individual business/property owners to determine how much he/she will be assessed. The City will distribute examples of management plans, budgets, and assessment formulas. It is recommended that the BID Advisory Committee and its consultants work with the City Clerk's Office throughout this process. The City can then review proposed work and give feedback to the prospective BID, before the final package goes before City Council. The City Clerk will work with the City Administrative Officer and the community proponent group to determine the appropriate assessment for publicly owned/leased properties.

City Council Adoption of the Business Improvement District

The Council process of BID submissions, protests, and resolutions shall be consistent with California Streets and Highways Code Section 36520 and 36620-36630 inclusive. Both property and business owner based BIDs are subject to these processes.

The BID proponents must submit the following items to City Council in order to establish a BID:

- List of recommended individuals who will serve on the Advisory Board;
- A description of the BID boundaries;
- The management plan including an assessment schedule, a budget, and a description of services and programs to be funded; and
- A petition signed by the business owners for tenant based BIDs, or property owners for property based BIDs.

Once the BID proponents submit the above materials, a preliminary hearing will be held before the City Council's Community and Economic Development Committee. The City will prepare the necessary report, including the draft Resolution of

Intention and Notice to be mailed to all impacted businesses or property owners. The Committee, once it approves of the BID materials, will submit the BID to the full Council for the required hearings. The first hearing will be for the adoption of the Resolution of Intention to levy the BID assessment and to approve the Advisory Board and management plan. The Advisory Board will serve as an oversight committee, reporting annually to Council that the service provider is providing services efficiently and in accord with the specifications of the management plan. The Advisory Board also provides annual reports as set forth in California Street and Highways Code Section 36533 and 36633.

The public meeting required by government code section 54954.6 can be combined with the hearing for the Resolution of Intention. The second hearing will be for adoption of the Assessment Ordinance, which also legally establishes the BID. The City Clerk's Office will mail the required notices to all businesses and property owners that are to be assessed, announcing the date and time of the two hearings and attaching a copy of the Resolution of Intention.

At the second hearing, City Council will consider the written protests that have been submitted by the impacted community before adopting the Assessment Ordinance. If protests exceed more than 50% of the value to be assessed, no further proceedings can be undertaken for one year from the finding of the 50% protest. The City Council can proceed with the BID if the protest is less than 50%. However, BID proponents are cautioned that they should not expect a favorable vote from the City Council with a significant number of protests.

Operation of the BID

Once a BID is formally established, the Advisory Board must designate a "service provider" to contract with the City and provide services. The City will only enter into a contract with a legally formed California non-profit organization.

BID assessments will be collected from business owners by the City Clerk and from property owners by the County of Los Angeles. The City may advance funds for the first quarter of a new district so that the district can commence work prior to the collection of the assessments. The funds advanced will not exceed one quarter of the total assessment. The advanced funds will then be deducted from the first year's disbursement. In the instance of a tenant-based BID, if a business is not in the district for the entire fiscal or operating year of the district, the business will forfeit its paid assessment. That assessment will remain in the BID account as not to overburden those businesses remaining in the district. Any funds remaining at the end of a fiscal year shall be spent at the discretion of the BID, subject to approval by the City Clerk's Office.

Incentives for BIDs

BIDs located within a U. S. Housing and Urban Development designated low to moderate income area, a LANI, Transportation Oriented District, or other economically disadvantaged area may be eligible for a Business Improvement District Assessment Credit (BIDAC). Communities are advised to apply for this credit only if located in an economically disadvantaged area. The credit would be considered on a case by case basis for business-based (tenant) districts, using the actual amount of business tax paid by businesses within the district as a cap, or maximum, on the amount of the allowable credit. The cap will be applied regardless of the actual BID assessment formula.

If approved for a BIDAC by the City Council, each business within the district would be eligible to receive up to a fifty percent (50%) credit applied against its BID assessment the first year, a forty percent (40%) credit the second year, a thirty percent (30%) credit the third year, and a twenty percent (20%) credit the fourth year. After the fourth year of district operations, businesses would not be eligible for a BIDAC. One of the criteria for a credit on the BID assessment is a measurable degree of support from the BID community. Each proposed BID community should work with the City Clerk's Office to ensure that adequate support and eligibility for a BID assessment credit can be documented.

Renewals

A Property based BID has a fixed life. The life of a Property based BID is for a period of up to five years, and the authority to levy the annual BID assessment continues for the life of the BID. A tenant based BID is different. Once established by the City Council, a tenant based BID remains established until disestablished by a formal City Council action. However, the annual assessment on the tenants must be approved by the City Council after reviewing the annual district report and proposal for use of the assessment funds during the upcoming year; this is known as the "renewal" or "reconfirmation" process. This annual procedure for funding authority requires the Advisory Board of tenant based BIDs to initiate the renewal process well in advance of the start of each operating year to ensure that there will not be a break in funding.

Proposition 218 and Property Based BIDs

Procedures regarding voting requirements for property based BIDs, as mandated by Article XIII (D) of the California Constitution (Proposition 218), will be implemented by the City Clerk. According to a City Attorney opinion, property-based BIDs must have a majority vote of the affected property owners to establish a BID. This is an additional requirement to the BID formation process. The City Clerk has included the BID assessment election process as part of the BID formation process.

Improvements on City Property

If a BID makes physical improvements to City property it must provide insurance to assure no City liability, must bond the improvement work and must submit an estimated cost of maintaining the improvements with the annual proposed budget. The Council may require the improvements to be removed if a district is disestablished.

Reimbursement of City Funds

The City shall recover the direct costs related to the billing, collection, accounting, and financial transactions of the BID. Direct costs also include salaries, expenses, and equipment. The City will provide for each BID a realistic estimate of these costs in advance of billing, as well as an accounting of the actual time spent once the BID has been billed. The cost of collection of delinquencies shall be borne by the penalty assessed for late payments.

Disestablishment

A BID may be disestablished if:

1. Misappropriation of funds, malfeasance, or a violation of law in connection with the management of the BID;
2. Majority Protest; and/or
3. In the instance of a tenant based BID, disestablishment for any reason upon the action of the City Council to adopt an Ordinance.

If there are funds remaining at the end of a fiscal year, but the district is disestablished, the remaining funds shall be used first to pay any outstanding City costs. The remainder, if any, shall be returned on a pro-rata basis to the business/property owners which are still within the former district's boundaries.

PARKER C. ANDERSON
GENERAL MANAGER

CITY OF LOS ANGELES
CALIFORNIA



RICHARD J. RIORDAN
MAYOR

COMMUNITY DEVELOPMENT
DEPARTMENT

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CD: Citywide
Contact Persons:
Marilyn Lurie, X52952

Honorable Mike Hernandez, Chair
Community and Economic Development Committee

**REPORT BACK TO CED COMMITTEE ON AVAILABILITY OF COMMUNITY DEVELOPMENT
BLOCK GRANT FUNDS FOR PENDING BUSINESS IMPROVEMENT DISTRICTS**

Recommendations

The General Manger, CDD respectfully requests that City Council:

1. Instruct the General Manger of CDD to add \$278,000 for BID funds to the list of priorities for CDBG savings;
2. Instruct the General Manager of CDD to include in the earthquake recovery reprogramming action to be submitted to HUD a request to use \$75,000 for seed funds for the South Robertson BID.

At the Community and Economic Development Committee meeting of October 3, 1997, the CDD was requested to report back to Committee on the eligibility for CDBG seed funds of the following six Business Improvement District (BID) areas.

1. Vermont
2. Historic Core
3. South Robertson
4. Washington Boulevard
5. Hollywood Entertainment Expansion
6. Downtown Fashion Expansion

Based on the census tract data provided to us we find that all but South Robertson are CDBG eligible areas. Currently, however, all but \$1,422 of the CDBG funds allocated for BIDs have been committed in executed contracts. While insufficient BID funds remain, these project areas could be added to the list of Council priorities to be funded with any CDBG savings, **subject to their conformance with the BID policy should it also be adopted.** The CDD has submitted a separate report to Council (also scheduled to be heard at CED committee on October 20) identifying the savings to date.



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The South Robertson area, while not eligible for regular CDBG funds, might be eligible for the CDBG earthquake recovery funds. South Robertson is adjacent to the portion of the Santa Monica freeway that collapsed during the earthquake. The street was made inaccessible because of the closure of the freeway and of the Robertson on and off ramps.

It is recommended that a formal request be submitted to HUD to fund this area with earthquake recovery funds. This would be done by including it in the earthquake recovery reprogramming action that will be submitted to HUD following consideration by City Council. It should be noted, however, that there is no guarantee that HUD will approve this use of funds. They have verbally indicated over the last year that, because of the amount of time that has passed since the earthquake, they will no longer allow the waivers from CDBG requirements that enabled the earthquake funds to be used in areas that do not normally qualify for CDBG.

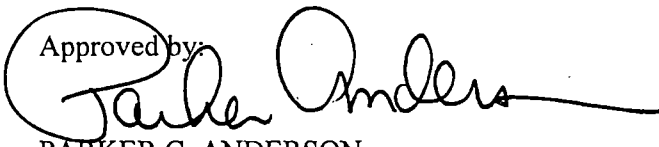
In the event that HUD does approve the use of the funds for the South Robertson BID there is approximated \$142,000 of earthquake BID funds still available.

Prepared by:



MARILYN M. LURIE, Director
Industrial and Commercial Development Division

Approved by:



PARKER C. ANDERSON
General Manager

PCA/MML/mt

cc: Honorable Jackie Goldberg
Honorable Mark Ridley-Thomas
Rockard Delgadillo

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RICHARD J. RIORDAN
MAYOR

OFFICE OF THE
CITY CLERK
ROOM 395, CITY HALL
LOS ANGELES, CA 90012
(213) 485-5708
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October 17, 1997

Honorable Members of the Budget and Finance and
Community and Economic Development Committees
Room 238, City Hall
200 North Spring Street
Los Angeles, California 90012

**REGARDING: BUSINESS IMPROVEMENT DISTRICT ASSESSMENTS LEVIED ON CITY OWNED REAL
PROPERTY**

Honorable Members:

On October 6, 1997 the Community and Economic Development Committee requested this Office to report on the issue of business improvement district (BID) assessments levied on City owned real property. This report responds to the Committee's request.

On June 4, 1997 the City Council adopted a Community and Economic Development Committee Report which recommended approval of the City's participation in paying its portion of assessments associated with business improvement districts. Section 4(a) of Article XIII D of the California Constitution ("Proposition 218") states, in part:

"Parcels within a district that are owned or used by any agency, the State of California or the United States shall not be exempt from assessment unless the agency can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit."

While the City Council agreed to support the Citywide BID Program through voluntary payment of the assessments, the source of funding to pay the assessments was not identified. The funding issue was subsequently discussed with representatives of the Chief Legislative Analyst, the City Administrative Officer, the Department of General Services and the Controller.

Ten BIDs currently exist in the City and known assessable City real estate exists in three. The BID area, the assessment amount, and the oversight City agency include: the Fashion District (\$2,200, General Services); the Figueroa Corridor (\$8,000, Recreation and Parks); and, Larchmont Village (\$1,800, Transportation). In addition, of the 34 currently proposed or pending districts, we have identified City property in only one (Downtown Industrial District); the amount of the proposed assessment is \$13,000.00. The total identifiable annual City BID assessments for known property in established and proposed districts is therefore approximately \$25,000.

Proposition 218 was approved by the electorate on November 6, 1996; the adoption of the law and the related impact on the City's BID program is a fairly recent development.




The Controller's Office has indicated that no separate fund or accounts exist to collect, hold or transfer appropriations for payment of BID assessments levied on City owned property to the respective BID trust fund, and that any such fund and accounts to accommodate assessment payments would need to be established by Council action. According to the Controller, no fund exists for Citywide property expense payments such as assessments. The Asset Management Division of the Department of General Services administers a large percentage of City real property and facilities. However, City real estate is also administered by numerous other City agencies, including the Department of Public Works and the Community Redevelopment Agency. In addition, the proprietary departments administer real property under their own respective authorities. The amount and source of funding set aside for real property maintenance and overhead varies among the departments.

The establishment of a BID is a private sector driven process which does not develop according to a preset timetable. District development often requires extensive negotiations between the members of the proposed district. The time consumed by the district establishment process varies significantly and district boundaries are frequently modified. As a result, parcels subject to the BID assessment, including any publicly owned real estate, are normally not identified or known to the City until the District Management Plan is finalized by the BID consultant.

RECOMMENDATIONS:

1. INSTRUCT the City Administrative Officer to meet with the City Clerk and other City departments or agencies as necessary, to determine the source or sources of funding for the payment of currently identified business improvement district assessments levied on City owned real property, as well as assessments which may be levied on City property in the future; and, to then establish a procedure for any transfer or appropriation which may be required to pay such assessments when due.
2. DIRECT the City Controller to establish the necessary fund and accounts for the receipt and disbursement of funds, including appropriations and transfers as required, relative to business improvement district assessments levied on parcels of City owned real property. The new fund would be known as the "Business Improvement District Assessment Payment Fund" and would be administered by the City Clerk.
3. REQUEST the City Clerk, with the assistance of the City Controller, to prepare an annual report which identifies all paid business improvement district assessments levied on City real property.

Sincerely,


J. MICHAEL CAREY
City Clerk

REPORT OF THE CHIEF LEGISLATIVE ANALYST

October 17, 1997

TO: Honorable Members,
Community and Economic Development and
Budget and Finance Committees

FROM: Ronald F. Deaton *RFD by S/A*
Chief Legislative Analyst

ADDITIONAL REVIEW OF PROPOSED BUSINESS IMPROVEMENT DISTRICT POLICIES AND IMPLEMENTATION GUIDELINES

SUMMARY

As your Committee requested, we have met with the representatives of the Mayor's Office, the City Clerk and the Community Development Department to address outstanding issues regarding the proposed "Business Improvement District (BID) Policies and Implementation Guidelines". The primary issues pertained to identifying a coordinating department for BIDs, providing incentives in identified zones, requiring a match for seed funds, and Proposition 218 requirements. Below is an overview of the Policy finalized by the Mayor's Office.

POLICY OVERVIEW:

ADMINISTRATION

BIDs that have been established or are in the process of being established were created primarily through the Council Offices working with the business community.

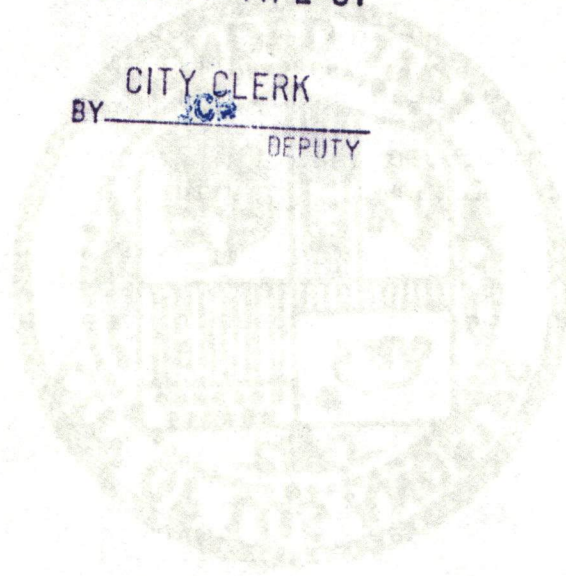
Presently, the City Clerk, and the Community Development Department have been assisting Council Offices in coordinating BIDs in their districts. Assistance has included allocation and identification of funds, assistance with RFP's for consultants, preparing contracts, attending meetings with the business community and conducting follow-up. The City Attorney is also involved in reviewing and approving the contracts and legislative documents.

As stated in the proposed policy, these responsibilities will also

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CITY OF LOS ANGELES

include providing materials to interested BIDs, providing a list of consultants, interviewing consultants, distributing examples of management plans, budgets, and assessment formulas; review of proposed work and providing feedback to the prospective BID, before "final" package goes before Council. After a review of the Community Development Department and City Clerk's BID workload, we believe that the City Clerk has been performing the majority of these duties for all BIDs and should act as the central coordinator.

The City Clerk administers all General Fund supported BIDs to the extent provided for by (LAMC) Ordinance No. 171094 "Business Improvement District Trust Fund". While this department administers all pre- and post-BID responsibilities for General Fund supported BIDs, their assistance has not been limited to those BIDs. Additionally, all BIDs once they have been created by ordinance are administered by this office. We believe that the City Clerk's Office should act as the central coordinator for the BID program.

Similarly, in that pre-BID formation is an economic development marketing tool, the Mayor's Office (Los Angeles Business Team) the Community Development Department, and the Community Redevelopment Agency should continue to market and disseminate information within the business community regarding the BID program. The City Clerk will be available to explain the technical, legal and administrative issues, as the BIDs progress through the development process.

In that BIDs are to an extent an economic development tool, we recommend that the BID program be revisited within the Economic Development Consolidation discussions. The BIDs role as part of the City's overall Economic Development strategies should be analyzed.

STAFF/BUDGET

In light of the increased number of proposed BIDs and the amount of work associated with pre- and post- BID formation, additional staff and equipment may be necessary for the City Clerk. The City Council approved additional staff (1 accounting clerk) within the 1997-98 City Budget to assist the City Clerk. More staff however, may be needed as the BID program expands citywide.

The City Council approved an additional \$500,000 in the 1997-98 City Budget for the Business Improvement District Trust Fund (total \$1.1 million). No additional funds were provided from the 1997-98 Housing and Community Development Block Grant Consolidated Plan (HCDBG) for BID's located in eligible HUD census tracts. There are some funds remaining in CDBG Supplemental Earthquake allocation for BIDs. However, a nexus must be made with the 1994 Earthquake and

documentation must be provided to HUD.

There is currently a shortfall of seed funds in the BID Trust Fund for BID formation. This issue is addressed under a separate cover.

MATCH REQUIREMENT FOR SEED FUND

The proposed policy (revised October 15, 1997) includes a 15% match requirement in donations and/or in-kind contributions in order for a business community to receive seed funds from the City. The 15% match is 15% of the total amount proposed in the request for seed funds (example 15% of \$75,000 is approximately \$11,000) as defined by benchmarks agreed upon by the community and the City. Examples of in-kind donations include donated time, office equipment, community street sweeping, garbage pick-up days, graffiti clean-up, office space, volunteers, etc.

To date the majority of the proposed and established BIDs have requested and received seed funds for the formation process. No match has been required, but some business communities have voluntarily provided their own funds as a match (i.e. Hollywood Entertainment). The staff felt that a business community should be required to provide some type of match (cash or services) as a sign of commitment to the program.

SEED FUNDS FOR EXPANSIONS AND RE-ESTABLISHMENTS

As proposed the policy does not establish priority for the distribution of seed funds.

Due to the limited nature of seed funds, we recommend that new BIDs (districts which have not previously existed) be given priority funding. If additional funds are available, requests for seed funds for expansions of existing BIDs should be considered. Expansions however will require a match of 50% of the amount of City funds requested 15% of which must be a cash contribution, as proposed. Additionally, no seed funds will be provided for BIDs for re-establishment (renewal).

EXPANSIONS

Currently, two BIDs (Hollywood Entertainment and Fashion District) have requested funds for expansion. In the case of the Hollywood BID other businesses in the area have expressed a desire to participate in the BID. According to the Council Office, the original BID has proposed to match city funds. It is recommended that if funds are available, and the Council approves funding, that the original BID provide a match for seed funds to assist in their expansion, as proposed in the policy.

RE-ESTABLISHMENTS/ RENEWALS

According to the City Clerk, out of the 10 established BIDs only 4 are business based (Wilshire Center, Westwood, Lincoln Heights and Downtown San Pedro) and none requested city funds for re-establishment activities. These BIDs have to be renewed on a yearly basis which requires noticing an annual public meeting and submission of reports to the city.

Additionally, we recommend that the City Clerk be instructed to provide Council with a report detailing the accomplishments of a BID prior to consideration of allocation of funds for expansions or re-establishment tasks.

INCENTIVES/ BID ASSESSMENT CREDIT (BIDAC)

The proposed policy initially provided that at the discretion of the Mayor's Office and respective Council member, BIDs located within an established Revitalization Zone or a city designated LANI area would be eligible for a rebate on business license fees. A business in an economically disadvantaged area was eligible to receive up to a 100% rebate of it's BID assessment the first year, then reduced 10% each subsequent year for the following four years.

The revised policy provides that a business in an "economically disadvantaged" area, (defined as HUD designated low/mod Income Tracts) may request a BID Assessment Credit (BIDAC) on the BID assessment. The BIDAC would be limited to the amount of business tax paid. The BIDAC would allow a 50% credit for the first year then it is reduced 10% each subsequent year for the following four years, not to exceed business tax paid. Thereafter, there is no credit.

Since the BIDAC can only be applied to BID assessment, only business-based BIDs may apply for the credit. To date only one BID has received a credit (Lincoln Heights). At this time, out of the proposed BIDs only one (Leimert Park) would be eligible for the credit under this policy.

In that the adjustment credit will have a different fiscal impact (depending on size and formula), we recommend that each request for a BIDAC should be approved by the City Council on a "case by case" basis. Additionally, the City Clerk should be requested to provide a fiscal impact report to Council during the annual review process for each BID.

COST RECOVERY

The proposed policy addresses cost recovery or reimbursement of City funds from BIDs. The policy includes a provision detailing

the cost which may be recovered by the City, including all costs associated with BIDs post formation (adopted ordinance).

Direct costs which are related to the billing, collection, accounting and financial transactions functions are reimbursable to the City from the districts. The direct costs include salaries, expenses and equipment. Costs associated with each of these three categories are charged to the districts on a prorated basis. Recoverable costs have ranged from \$2,000 to \$14,500 per year for the existing BIDs, depending on the size of the district. A cost detail summary for each operating district was provided in City Clerk's report dated November 15, 1996.

CITY PROPERTY

As recommended, the policy includes a discussion regarding physical improvements to "City property". If a BID makes physical improvements to City property it must provide insurance to assure no City liability, must bond the improvement work and must submit an estimated cost of maintaining the improvements with the annual proposed budget. Additionally, the Council may require the improvements to be removed if a BID is disestablished.

PROPOSITION 218 AND PROPERTY BASED BIDS

The proposed policy includes language relating to the additional requirements due to the enactment of Proposition 218.

Procedures regarding voting requirements for property based BIDs, as mandated by Article XIII(D) of the California Constitution (Proposition 218), have been implemented by the City Clerk. According to a City Attorney opinion, property-based BIDs must have a majority vote of the affected property owners to establish a BID. This is an additional requirement to the BID formation process. The City Clerk is currently including the BID assessment ballot process as part of the BID formation process.

RECOMMENDATIONS:

That City Council:

1. Approve the proposed "Business Improvement District Policies and Implementation Guidelines" with the following additions:

Seed funds:

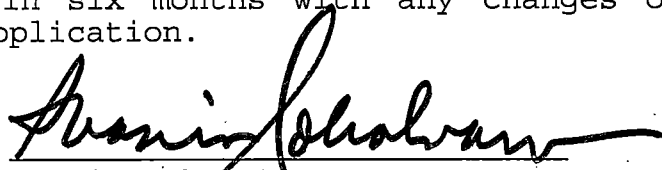
- A. Due to the limited nature of seed funds, new BIDs (districts which have not previously existed) will be given priority funding. If funds are available, requests for seed funds for expansions of existing BIDs will be

considered. Expansions however will require a match of 50% of the amount of City funds requested 15% of which must be a cash contribution, as proposed. Additionally, no seed funds will be provided for BIDs for re-establishment (renewal).

- B. Instruct the City Clerk to provide Council with a report detailing the accomplishments of a BID prior considering giving money for re-establishments or expansions.

BID Assessment Credit:

- C. In that the BID Adjustment Credit will have a different fiscal impact for each area, we recommend that each request for a BID Assessment Credit be approved by the City Council on a "case by case" basis. Additionally, the City Clerk should be requested to provide a fiscal impact report to Council during the annual review process.
2. Instruct the City Clerk to assume the responsibility as the central coordinator for the BID program.
 3. In that pre-BID formation is a economic development marketing tool, direct the Los Angeles Business Team (Mayor's Office), Community Redevelopment Agency, and the Community Development Department to continue to market and disseminate BID information within the Business Community.
 4. Re-evaluate and analyze BIDs as part of the City's overall economic development strategies and include this topic in discussion of Economic Development Consolidation.
 5. Instruct the City Clerk to prepare guidelines on the BID program and inform the Mayor and Council Offices on the steps/procedures for BID formation, expansion and renewal.
 6. Direct the City Clerk, Mayor's Office and the Community Development Department to evaluate the proposed BID policy and report back in six months with any changes or recommendations on its application.


Ivania Sobalvarro
Analyst

Attachments: 1. Business Improvement Districts

RFD:IS:is

is:bid1097na

Business Improvement Districts

ESTABLISHED/OPERATING (Ordinance approved by Council)

1. Century Corridor
2. Downtown Center/ CCA
3. Fashion District / DOPA
4. Figueroa Corridor
5. Larchmont Village
6. Lincoln Heights
7. Hollywood Entertainment
8. Downtown San Pedro
9. Westwood Village
10. Wilshire Center

SEED FUNDS APPROVED

CDBG(Regular and Earthquake)

11. Leimert Park
12. Highland Park
13. Little Tokyo
14. INCORE/ Slauson
15. Studio City
16. Encino
17. Reseda
18. Sherman Oaks
19. Tarzana
20. Woodland Hills
21. Los Feliz
22. Canoga Park
23. Northridge
24. Granada Hills
25. Chatsworth

BID TRUST FUND

26. Fairfax-Melrose
27. Downtown-Industrial (CCEA)
28. Brentwood
29. El Sereno
30. Eagle Rock
31. Jefferson Corridor

32. Wilmington
33. Third Street
34. Pico Corridor
35. Hollywood Media
36. Pico-Fairfax
37. Crenshaw

NO SEED FUNDS REQUESTED

38. Toytown/CCE

SEED FUND REQUESTS PENDING BEFORE COMMITTEE AND COUNCIL

39. Vermont
40. Historic Core
41. South Robertson
42. Washington Blvd.

SEED FUND REQUESTS FOR EXPANSION OF ESTABLISHED BIDS

1. Hollywood Entertainment
2. Downtown Fashion District

as of 10/16/97

Revised on October 15, 1997

D R A F T

City of Los Angeles Business Improvement Districts Policy and Implementation Guidelines

Introduction

This policy seeks to establish guidelines for communities interested in establishing a Business Improvement District (BID) in the City of Los Angeles. The policy is a result of experience both within the City, as well as from the thousands of BIDs already in operation throughout the U.S. In this context, the policy supports business and property owners who want to take the lead in an effort to establish a BID.

The City of Los Angeles recognizes the importance of fostering public-private partnerships to restore and maintain the health and vitality of Los Angeles' neighborhood business districts. The City will actively assist groups interested in establishing BIDs by providing City staff and funding resources to guide groups through the process. The purpose of this policy is to provide guidelines to establish and administer BIDs within the City. The City recognizes the benefits of BIDs, as well as the unique and varied needs of the neighborhood business districts throughout Los Angeles.

City BID Task Force to Assist BID Proponents

The City has created a BID Interdepartmental Task Force to facilitate the development of BIDs and help guide and direct BID policy. This Task Force reports directly to the Community and Economic Development Committee and the Budget and Finance Committee. The Task Force is comprised of representatives from the following offices and departments:

- Building and Safety
- City Council representation
- Chief Legislative Analyst
- City Attorney's Office
- City Clerk's Office
- Department of Transportation
- Community Development Department
- Community Redevelopment Agency
- Mayor's Office of Economic Development
- Planning Department
- Public Works

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CITY CLERK
BY JCS DEPUTY

The City Clerk's Office will serve as the central coordinating office to maintain the Task Force, as well as guide BIDs through the City process. The City Clerk's Office will work closely with each department as well as the respective council offices to ensure a BID's success. In addition, the Community Development Department, the Community Redevelopment Agency, as well as LA's Business Team within the Mayor's Office of Economic Development, will continue to serve as the City's marketing arm for BIDs and assist communities with pre-BID activities.

What is a Business Improvement District?

A business improvement district is a geographically defined area in which businesses or property owners have agreed to assess themselves for additional services designed to improve the business climate of the area. The BID and the assessments are created under two State laws:

1. The Parking and Business Improvement Act Law of 1989 allows business owners to assess themselves;
2. The Property and Business Improvement Law of 1994 allows owners of real property within a defined area to assess themselves; and
3. Both laws could be utilized to assess both business and property owners within a defined area.

Property and/or business owners within the defined area receive special services designed to improve the business climate of the area. The level and types of services are determined by the BID. Services may include, but are not limited to:

- parking facilities
- security/community policing
- maintenance
- graffiti removal
- street scape improvements
- marketing
- special events
- seasonal decorations
- sidewalk improvements
- street lighting
- decorations
- trash receptacles
- fountains

The goals of a business improvement district include, but are not limited to:

- increased pedestrian traffic for businesses
- increased property values
- increased tax base for the City

These benefits are realized through the variety of services provided, as well as guidance and support from the City.

Establishing a Business Improvement District

The City Clerk's Office will make available materials explaining what a BID is, the difference between a tenant based and property owner based BID, as well as the advantages and disadvantages of each. These materials are considered background materials to assist BID proponents with the first steps of organizing a BID.

Role of the BID proponents -The community proponents of the BID must be prepared to take an active role in the development of the BID. The City requires that the proponents, at the time of submission of a formal BID petition, be a legally organized entity within the business community that can enter into contracts with the City. The proponents must lead the BID effort and provide guidance and leadership within the business community to ensure the highest probability for success of the BID. The organization should establish a "core group" or Advisory Committee that can work with the City to actively develop the BID.

Generating Community Support -The proponents of a BID must initially demonstrate that the businesses and/or property owners have an interest in the formation of a BID. The City highly recommends this "grass roots" involvement of business and/or property owners, as it has proven to be an essential ingredient to the success of a BID. In addition, the City will not grant seed capital until adequate community support has been documented. Community support could include:

1. An informal petition signed by a significant number of the affected community;
2. Research completed which proves the community understands the way a BID works and how it affects the community; and/or
3. A core advisory group which will take the lead on planning and formation of the BID.

Establishment of realistic time lines regarding the formation of a BID is strongly recommended. Generating community support, documenting the necessary support, and developing a management plan, as well as collecting the funds, all take a substantial amount of time. Communities should not expect to see success overnight. Realistic expectations as to what the benchmarks for success will be will contribute to the overall success of the BID.

The City Clerk's Office will provide a mechanism for evaluating community support for each BID to ensure the investment of seed capital is responsibly granted to communities with a high chance of success in their BID efforts.

Funding for Consultants - City funding is available to hire a consultant to assist with the development of a BID, as long as the City has funds available for this assistance. The consultant's role is to work with the BID proponents, document community support, and

develop a management plan for the BID. The consultant should also prepare time lines, based on his/her experience, in order to give the community a realistic idea of how long it will take to establish the BID.

The amount of seed capital granted will depend on the scale, size, and complexity of the proposed BID. The request for seed capital should not exceed \$75,000. Typical requests have ranged from \$15,000-\$75,000. The City Clerk's Office will work with the community to establish a realistic budget for seed capital. Seed capital will be allocated based on the merits of the grant proposal. Merit will be determined by demonstrated community interests and could include documentation of educational/informational meetings attended by the majority of business/ property owners, submission of an informal petition, etc.

A match of at least 15% of the requested amount is required for all new proposed BIDs; this match can be in cash or documented in-kind contributions. Examples of in-kind contributions include printing, office space, staff time, etc. A match of 50% of the requested amount is required for all expanding BIDs at least 15% of which must be in cash. Renewing BIDs may be allocated seed funds on a case-by-case basis. The City Clerk will review the submitted documentation and will provide a funding recommendation to the Mayor and City Council.

Selecting a Consultant -The City Clerk's Office will make available a list of potential consultants for the Advisory Committee to contact. The Advisory Committee will work with the City and together, interview a minimum of three consultants. If a BID group is not requesting seed capital from the City, the City does not have to be involved with the selection of a consultant. Consultants interested in being on the City's list should submit his/her qualifications to the Office of the City Clerk. This process is open; a consultant may submit his/her qualifications at any time. However, the City will be looking for consultants who have successfully demonstrated the capability to guide a community through the BID process, from planning through implementation.

The City will contract with an Advisory Committee or a consultant. The Advisory Committee should be a legally formed entity to enter into a contract with the City. If the City enters into a contract with a consultant, the contract will require sign-offs from the Advisory Committee or community BID proponents. The contract will require all funds to be used only to implement and complete the required petition process, formulate a management plan, devise an assessment formula, communicate and meet with the business/property owners, and prepare and assist with the submittal of the formal BID documents to the City Council.

Assessments - State law requires that, the assessment formula should be fair and equitable, based on the unique service needs and character of the community. The assessments for each business and/or property must be based on benefits received from the services provided. The management plan should be written by the consultant in sufficient detail to allow businesses/property owners to understand what services and activities will be funded. The assessment formula should be stated in terms that will allow the individual business/property owners to determine how much he/she will be assessed. The City will distribute examples of

management plans, budgets, and assessment formulas. It is recommended that the BID Advisory Committee and its consultants work with the City Clerk's Office throughout this process. The City can then review proposed work and give feedback to the prospective BID, before the final package goes before Council.

City Council Adoption of the Business Improvement District

The Council process of BID submissions, protests, and resolutions shall be consistent with California Streets and Highways Code Section 36520 and 36620-36630 inclusive. Both property and business owner based BIDs are subject to these processes.

The BID proponents must submit the following items to City Council in order to establish a BID:

- List of recommended individuals who will serve on the Advisory Board;
- A description of the BID boundaries;
- The management plan including an assessment schedule, a budget, and a description of services and programs to be funded; and
- A petition signed by the business owners for tenant based BIDs, or property owners for property based BIDs.

Once the BID proponents submit the above materials, a preliminary hearing will be held before the City Council's Community and Economic Development Committee. The City will prepare the necessary report, including the draft Resolution of Intention and Notice to be mailed to all impacted businesses or property owners. The Committee, once it approves of the BID materials, will submit the BID to the full Council for the required hearings. The first hearing will be for the adoption of the Resolution of Intention to levy the BID assessment and to approve the Advisory Board and management plan. The Advisory Board will serve as an oversight committee, reporting annually to Council that the service provider is providing services efficiently and in accord with the specifications of the management plan. The Advisory Board also provides annual reports as set forth in California Street and Highways Code Section 36533 and 36633.

The public meeting required by government code section 54954.6 can be combined with the hearing for the Resolution of Intention. The second hearing will be for adoption of the Assessment Ordinance, which also legally establishes the BID. The City Clerk's Office will mail the required notices to all businesses and property owners that are to be assessed, announcing the date and time of the two hearings and attaching a copy of the Resolution of Intention.

At the second hearing, City Council will consider the written protests that have been submitted by the impacted community before adopting the Assessment Ordinance. If protests exceed more than 50% of the value to be assessed, no further proceedings can be undertaken for one year from the finding of the 50% protest. The City Council can proceed with the BID if the

protest is less than 50%. However, BID proponents are cautioned that they should not expect a favorable vote from the City Council with a significant number of protests.

Operation of the BID

Once a BID is formally established, the Advisory Board must designate a "service provider" to contract with the City and provide services. The City will only enter into a contract with a legally formed California non-profit organization.

BID assessments will be collected from business owners by the City Clerk and from property owners by the County of Los Angeles. The City may advance funds for the first quarter of a new district so that the district can commence work prior to the collection of the assessments. The funds advanced will not exceed one quarter of the total assessment. The advanced funds will then be deducted from the first year's disbursement. In the instance of a tenant-based BID, if a business is not in the district for the entire fiscal or operating year of the district, the business will forfeit its paid assessment. That assessment will remain in the BID account as not to overburden those businesses remaining in the district. Any funds remaining at the end of a fiscal year shall be spent at the discretion of the BID.

Incentives for BIDs

BIDs located within a U.S. Housing and Urban Development designated low to moderate income area may be eligible for a Business Improvement District Assessment Credit (BIDAC) on business license fees. Communities are advised to apply for this credit only if located in an economically disadvantaged area. The credit would be granted to tenant based districts using the actual amount of business license fees paid ("business tax") as a cap, or maximum, on the amount of the allowable credit. The cap will be applied regardless of the actual BID assessment formula.

If approved by City Council, a business may receive a 50% credit of its BID assessment the first year, a 40% credit the second year, a 30% credit the third year, and a 20% credit the fourth year. After the fourth year of operation, businesses will not be eligible for a BID assessment credit. One of the criteria for a credit on business license fees is a high degree of support from the BID community. Each community should work with the City Clerk's Office to ensure adequate support and eligibility for a BIDAC.

Renewals

A Property based BID has a fixed life. The life of a Property based BID is for a period of up to five years, and the authority to levy the annual BID assessment continues for the life of the BID. A tenant based BID is different. Once established by the City Council, a tenant based BID remains established until disestablished by a formal City Council action. However, the annual assessment on the tenants must be approved by the City Council after reviewing the annual district report and proposal for use of the assessment funds during the upcoming year; this is known as the "renewal" or "reconfirmation" process. This annual procedure for

funding authority requires the Advisory Board of tenant based BIDs to initiate the renewal process well in advance of the start of each operating year to ensure that there will not be a break in funding.

Proposition 218 and Property Based BIDs

Procedures regarding voting requirements for property based BIDs, as mandated by Article XIII (D) of the California Constitution (Proposition 218), will be implemented by the City Clerk. According to a City Attorney opinion, property-based BIDs must have a majority vote of the affected property owners to establish a BID. This is an additional requirement to the BID formation process. The City Clerk has included the BID assessment election process as part of the BID formation process.

Improvements on City Property

If a BID makes physical improvements to City property it must provide insurance to assure no City liability, must bond the improvement work and must submit an estimated cost of maintaining the improvements with the annual proposed budget. The Council may require the improvements to be removed if a district is disestablished.

Reimbursement of City Funds

The City shall recover the direct costs related to the billing, collection, accounting, and financial transactions of the BID. Direct costs also include salaries, expenses, and equipment. The City will provide for each BID a realistic estimate of these costs in advance of billing, as well as an accounting of the actual time spent once the BID has been billed. The cost of collection of delinquencies shall be borne by the penalty assessed for late payments.

Disestablishment

A BID may be disestablished if:

1. Misappropriation of funds, malfeasance, or a violation of law in connection with the management of the BID;
2. Majority Protest; and/or
3. In the instance of a tenant based BID, disestablishment for any reason upon the action of the City Council to adopt an Ordinance.

If there are funds remaining at the end of a fiscal year, but the district is disestablished, the remaining funds shall be used first to pay any outstanding City costs. The remainder, if any, shall be returned on a pro-rata basis to the business/property owners which are still within the former district's boundaries.

1 # 5

CITY OF LOS ANGELES SPEAKER CARD

Date

10-6-97

Council File No., Agenda Item, or Case No.

I wish to speak before the

CED

Name of City Agency, Department, Committee or Council

Do you wish to provide general public comment, or to speak for or against a proposal on the agenda? () For proposal

() Against proposal

Name: ERIK STORY ☒ General comments

Business or Organization Affiliation:

MIKE FEUER'S OFFICE - CD 5

Address:

Street

City

State

Zip

Business phone:

Representing:

CHECK HERE IF YOU ARE A PAID SPEAKER AND PROVIDE CLIENT INFORMATION BELOW:

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Client Name:

Phone #:

Client Address:

Street

City

State

Zip

Please see reverse of card for important information and submit this entire card to the presiding officer or chairperson.

COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE

Monday - October 6, 1997
2:00 P. M. - ROOM 238 - CITY HALL
200 N. Spring Street, Los Angeles, CA 90012

MEMBERS: COUNCIL MEMBER JOHN FERRARO, ACTING Chair
COUNCIL MEMBER JACKIE GOLDBERG
COUNCIL MEMBER MARK RIDLEY-THOMAS

(Barbara Greaves - Legislative Assistant - (213)-485-5733)

FILE NO.

SUBJECT

(1)

96-1972 Subject continued from March 12, 1997
Transmittals from the Mayor, Chief Legislative Analyst, City Clerk, and a joint report from the Mayor's Office of Economic Development and Councilmember Mike Hernandez, relative to a proposed "Citywide Business Improvement District (BID) Policy."

Fiscal impact statement submitted: No

DISPOSITION

Continued to October 20th

(2)

96-1972 Subject continued from January 6, 1997
S-1 Communication from Community Development Department (CDD) relative to status of allocation of funds for the formation of BIDs and recommendations for additional action.

(Also referred to Budget in Finance Committee)

Fiscal impact statement submitted: Yes, by CDD

DISPOSITION

(3)

96-0575 Subject continued from September 15, 1997 Meeting
Motion (Goldberg - Ferraro) instructing the City Clerk and the City Attorney to meet with Council District 13 and the Hollywood Entertainment District to provide the necessary assistance to expand the Hollywood Entertainment Business Improvement District (BID); and to designate \$75,000 from the BID trust fund to hire a consultant and other administrative cost related to the expansion.

(Also referred to Budget in Finance Committee)

Fiscal impact statement submitted: No

DISPOSITION

COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE
Monday - October 6, 1997

FILE NO.

SUBJECT

(4)

97-1463 Subject continued from September 15, 1997 Meeting
Motion (Holden-Ferraro) relative to the use of \$75,000
from the Business Improvement District Trust Fund for
the establishment of the Washington Boulevard Business
Improvement District (BID).

(Also referred to Budget and Finance Committee)

Fiscal impact statement submitted: No

DISPOSITION _____

(5)

97-1462 Subject continued from September 15, 1997 Meeting
Motion (Feuer-Holden-Hernandez) relative to the use of
\$75,000 from the Business Improvement District Trust
Fund for the establishment of the South Robertson
Business Improvement District (BID).

(Also referred to Budget and Finance Committee)

Fiscal impact statement submitted: No

DISPOSITION _____

(6)

97-1277 Subject continued from September 15, 1997 Meeting
Motion (Walters-Alatorre-Wachs) relative to the use of
\$75,000 from the Business Improvement Trust Fund for
the expansion of the Fashion District Business
Improvement District (BID). (Continued from 8-18-97 CED
meeting; Waived by H & CR Committee and Budget &
Finance Committee on August 27, 1997)

Fiscal impact statement submitted: No

DISPOSITION _____

(7)

97-0563 Communication from the CDD relative to funding and
other authorities needed to effect Council action
relating to Police Substation at Palms Elementary
School.

Fiscal impact statement submitted: Yes, by CDD

DISPOSITION _____

COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE

SPECIAL MEETING

WEDNESDAY - MARCH 12, 1997

2:00 P. M. - ROOM 350 - CITY HALL

200 N. Spring Street, Los Angeles, CA 90012

MEMBERS: COUNCIL MEMBER MIKE HERNANDEZ, Chairperson
COUNCIL MEMBER RICHARD ALARCON
COUNCIL MEMBER JOEL WACHS

(Adrienne Bass - Legislative Assistant - (213)-237-0379)

<u>FILE NO.</u>	<u>SUBJECT</u>
	(1)
97-0241	Community Development Department report relative to the 1997-98 Housing and Community Development Consolidated Plan for submittal to the U.S. Department of Housing and Urban Development (Continued from 3-3-97; H&CR Committee heard on 3-5-97 and continued to 3-14-97) Fiscal impact statement submitted: Yes, by CDD
	DISPOSITION _____
	(2)
96-1972 & S1	Transmittals from the City Clerk, the Mayor's Office of Economic Development, Council Member Mike Hernandez and CDD relative to a proposed "Citywide Business Improvement District (BID) policy" and status of allocation of funds for the formation of the BIDs, etc. Fiscal impact statement submitted: No
	DISPOSITION <u>cont</u> _____
	(3)
96-0603-S1	CDD report relative to the exemption of 12 positions form classified civil service for the Bradley/Milken Youth and Family Center and the Kulick Youth Demonstrationn Project. (Heard in Council on 3-5-97 and continued to 3-14-97; referred to CED Committee in the interim) Fiscal impact statement submitted: No
	DISPOSITION _____

COMMENTS FROM PUBLIC ON ITEMS OF PUBLIC INTEREST
WITHIN COMMITTEE'S SUBJECT MATTER JURISDICTION

COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE
March 12, 1997

REPORT OF THE CHIEF LEGISLATIVE ANALYST

January 6, 1997

TO: Honorable Members,
Community and Economic Development Committee

FROM: Ronald F. Deaton *RFD by S/bny*
Chief Legislative Analyst

REVIEW OF PROPOSED BUSINESS IMPROVEMENT DISTRICT POLICIES AND IMPLEMENTATION GUIDELINES

SUMMARY

As your Committee requested, we have prepared the following review of the proposed "Business Improvement District (BID) Policies and Implementation Guidelines".

On April 12, 1995 the City Council adopted a policy on BIDs (CF:94-0866). Subsequently, the Mayor's Office of Economic Development initiated a BID Task Force composed of City Departments and Council Office representatives. The City Council has approved 37 BIDs of which 5 are operational (Hollywood, Downtown Property Owners, Westwood, Wilshire Center and San Pedro). The remaining 32 BIDs are at varying stages of development.

The proposed policy before the Committee establishes some guidelines for Council Offices and City departments in providing assistance to business and community groups interested in creating BIDs. While the policy identifies the steps necessary to establish a BID, it does not sufficiently delineate or assign responsibilities to offices and departments which are to implement the policy. BIDs are currently administered by the Community Development Department, City Clerk and City Attorney. The Mayor's Office role has been primarily dissemination of information.

Further, issues regarding allowing tax rebates or exemptions, imposing match requirements, additional staff, cost recovery, the effects of Proposition 218 and HUD outcome requirements need to be defined further in order to effectively draft and implement the proposed policy.

RECOMMENDATIONS:

1. That Community and Economic Development Committee request the Mayor's Office BID Task Force to:
 - a. Recommend a central coordinator from among the various departments providing BID assistance; consider the most suitable place for this coordination function in light of its administrative nature, on-going process and consolidation of economic development activities and modify the policy accordingly. Include a discussion of the pros and cons of each entity considered for central coordinator.
 - b. Define responsibilities in the policy of the central coordinator and other departments relative to BIDs (pre- and post- BID formation). The responsibilities should include those currently provided by Community Development Department, City Clerk and City Attorney as well as those new duties described in the policy (e.g. providing materials to interested BIDs, providing list of consultants, interview consultants, distribute examples of management plans, budgets, and assessment formulas, review of proposed work and provide feedback to the prospective BID).
 - c. Recommend additional staff and funding source, if necessary, to implement new responsibilities.
 - d. With respect to City tax rebates and exemptions for BIDs, provide in the policy a definition of an "economically disadvantaged area"; extend any rebate or exemption option to BIDs in similar special zone areas of the City (e.g. Supplemental Empowerment Zone, Enterprise Community); and require that all rebates and exemptions be approved by the City Council.
 - e. Provide a mechanism and place responsibility for HUD CDBG compliance regarding "outcomes" as they relate to BIDs.
 - f. Include provisions in the policy regarding use of public property.
 - g. Provide an implementation schedule and effective date for the policy and specify which BIDs will be affected.
 - h. Include a provision detailing the cost which may be recovered by the City from a BID (e.g. City Clerk staff costs) including all cost associated with BIDs (pre- and post formation).

2. Delete match requirement for seed funds.
3. Instruct the City Clerk to include in the tax exemption report a discussion of other City taxes which may or may not be exempted or rebated (e.g. business, parking, sales).


Ivania Sobalvarro
Analyst

RFD:IS:is

DISCUSSION

ADMINISTRATION

BIDs that have been established or are in the process of being established were created primarily through the Council Offices working with the business community. The proposed policy would place the Mayor's Office as the central coordinating office to guide BIDs through the establishment process. The proposed policy however, does not identify areas of responsibilities the Mayor's Office will assume or other agencies or departments will be assigned. Additionally, it is unclear when the proposed policy would be implemented and how BIDs currently in the process will be affected. According to the Mayor's Office their intent is to apply the new policy to new and proposed BIDs where applicable.

Presently, the Community Development Department and the City Clerk have been assisting Council Offices in coordinating BIDs in their districts. The City Attorney is also involved in preparing the contracts. Assistance has included allocation and identification of funds, assistance with RFP's for consultants, preparing contracts, attending meetings with the business community and conducting follow-up.

The Mayor's Office involvement to date has been primarily dissemination of information. If the Mayor's Office is to become the central coordinator for BIDs as proposed in this policy, we believe that all associated responsibilities need to be clearly defined. As stated in the proposed policy, these responsibilities will also include providing materials to interested BIDs, providing a list of consultants, interviewing consultants, distributing examples of management plans, budgets, and assessment formulas, review of proposed work and providing feedback to the prospective BID, before "final" package goes before Council.

The City Clerk administers all General Fund supported BIDs to the extent provided for by (LAMC) Ordinance No. 171094 "Business Improvement District Trust Fund". While this department administers all post-BID responsibilities for General Fund supported BIDs, all BIDs once they have been created by ordinance are administered by this office.

Further, in light of the proposed increased responsibilities it is unclear if additional staff will be necessary to assume the responsibilities described or if they will be absorbed.

INCENTIVES FOR BIDS

TAX REBATES

Current City policy does not provide rebates or exemptions from City taxes.

The proposed policy provides the Mayor's Office and the respective Councilmember "discretion" to apply rebates on business license fees to BIDs located within the Los Angeles Revitalization Zone (LARZ) or a City designated Los Angeles Neighborhood Initiative (LANI). A business in an "economically disadvantaged" area may receive up to a 100% rebate of its BID assessment for the first year. The rebate is reduced 25% each subsequent year for the following four years. Thereafter, there is no rebate.

The proposed policy also encourages the community to work with the Mayor's Office and Council Office to ensure adequate support and eligibility for business license rebates.

If rebates are allowed as proposed in the policy, we recommend that: (a) definition of an "economically disadvantaged area" be included; for example HUD CDBG eligible census tracts (b) rebates be extended to BIDs in similar special zone areas in the City (e.g. Supplemental Empowerment Zone and the Enterprise Community); and (c) all rebates and exemptions be approved by the City Council.

TAX EXEMPTIONS

In a related matter, at the October 7, 1996 meeting, your Committee instructed the City Clerk to provide an estimate of the cost to the City if a business license tax exemption was provided in special zone areas (similar to Lincoln Heights BID request). These are businesses in the Supplemental Empowerment Zone, Federal Enterprise Community, State Enterprise Zone, LARZ and LANI. The CDD provided the City Clerk with the necessary maps and census tracts in the proposed areas to formulate an estimate. The City Clerk will report under a separate cover on the cost impact of the business license tax exemption, as soon as their report is completed.

Similarly, we believe the proposed policy should include a statement regarding other City taxes that may or may not be exempted (e.g. parking revenue tax). This would provide guidance to City departments and BID proponents from the start of the process as to which incentives are available. Therefore, we recommend that the City Clerk be instructed to include in their tax exemption report an analysis of the other taxes that may or may not be exempted or rebated.

OTHER ISSUES

SEED FUNDS MATCH REQUIREMENTS

Although some BIDs have contributed to the BID effort, under the current policy, BIDs have not been required to provide a "match".

The proposed policy however, **requires** all BIDs receiving seed money from the City to provide cash or an in-kind match. This match is to be 15% of the amount of seed money allocated (\$11,250 for those BIDs that received \$75,000). A BID may pay the match at the time the seed funds are allocated, or as specified in the benchmarks agreed upon by the community and the City.

Seed funds for BIDs have been provided or earmarked for business communities interested in forming BIDs. These funds are used to hire consultants to study a particular business community to determine the "feasibility" of forming a BID. To require a match from a non-profit or chamber of commerce for a BID that may or may not materialize may cause a hardship on that business community and may in fact deter communities from initiating the process.

It is recommended that a match requirement not be imposed to allow maximum flexibility to the business community. If a match is required, the proposed policy should be modified to include examples or a clear definition of "in-kind services" that will meet the City's match requirement (e.g. trash pick-up, graffiti clean-up, and decorations).

COST RECOVERY

On October 24, 1996 this Committee requested the City Clerk to provide additional information relative to BID related City expenses. A report dated November 15, 1996 has been transmitted and is pending before your Committee. According to the City Clerk, under the current policy only cost incurred by the BID after the BID is formally established is currently reimbursable from the assessment. All district formation expenses are nonrecoverable, including those incurred by other City departments.

Direct costs which are related to the billing, collection, accounting and financial transactions functions are reimbursable to the City from the districts. The direct costs include salaries, expenses and equipment. Costs associated with each of these three categories are charged to the districts on a prorated basis. Costs range from \$2,000 to \$14,000 a year, depending on the size of the BID. A cost detail summary for each operating district is provided in the City Clerk's report.

The proposed policy does not address cost recovery or reimbursement

of City funds from BIDs. It is recommended that the policy include a provision detailing the cost which may be recovered by the City, including all costs associated with BIDs (pre- and post formation).

CITY PROPERTY

Current City policy includes a discussion regarding physical improvements to "City property". If a BID makes physical improvements to City property it must provide insurance to assure no City liability, must bond the improvement work and must submit an estimated cost of maintaining the improvements with the annual proposed budget. Additionally, the Council may require the improvements to be removed if a BID is disestablished.

It is recommended that the proposed policy include a similar statement.

PROPOSITION 218 AND BIDS

Proposition 218 (Voter Approval for Local Government Taxes) approved by the voters in November may have some impact on BIDs. The City Clerk has requested a formal opinion from the City Attorney. It may be necessary with property based BIDs to have a vote of the businesses to formalize a BID. This would be an additional requirement and may be conducted administratively through the existing BID formation process.

OUTCOMES

The Housing and Urban Development Department (HUD) as a requirement for allocation of CDBG funds requires the City to show outcomes of the CDBG funds. As such, BIDs should be monitored throughout the process in order to meet the outcomes requirement by HUD.

BID FUNDING STATUS

There are three sources of funds for BIDs: Community Development Block Grant Funds (\$450,000); CDBG Earthquake Funds (\$900,000); and General Funds (\$600,000). In a separate report provided by CDD (11/27/96) the current shortfall is discussed. It is difficult to determine the exact balance for each funding source in that the majority of the BIDs are in the process of hiring their consultants.

Several recommendations are made by CDD in an attempt to formalize the BID seed funding process and determine the balance of funds. The recommendations include imposing a 6 month deadline from hiring of consultant to determine feasibility of BIDs, a minimum of three proposals to be secured from qualified consultants, a review and interview process for consultants against a written evaluation

criteria, an appeals process, and a four month deadline for those
BIDs that have been approved by Council and have not identified a
Consultant.

REPORT OF THE CHIEF LEGISLATIVE ANALYST

October 3, 1997

TO: Honorable Members,
Community and Economic Development and
Budget and Finance Committees

FROM: Ronald F. Deaton *RFD by S/A*
Chief Legislative Analyst

STATUS OF FUNDS FOR BUSINESS IMPROVEMENT DISTRICTS (BIDs)

SUMMARY

As your Committee requested, this office with the assistance of the City Clerk and the Community Development Department, have prepared the following information regarding various issues related to BIDs. This report will address the current status of funds available in the three funding sources, use of funds for expansions, and payment of assessments. The Citywide Business Improvement District Policy and Implementation Guidelines, as proposed by the Mayor, will be addressed under a separate cover.

OVERVIEW

The City of Los Angeles currently has 10 established BIDs and 34 proposed BIDs at various stages of formation. Seed funds are made available to interested business communities through three sources: Community Development Block Grant (CDBG) funds, CDBG Supplemental Earthquake funds, and the BID Trust Fund (General Fund). There is approximately \$1,400 unallocated CDBG funds, \$141,390 in CDBG Supplemental Earthquake funds and \$78,000 in the BID Trust Fund (BTF).

There are currently BID requests totaling \$353,000, \$203,000 for 4 new BIDs (Vermont, South Robertson; Washington Blvd. and Historic Core); and, \$150,000 for expansion of existing BIDs (Fashion District and Hollywood Entertainment). If proposed and expanded BIDs are funded at their requested level the Council would have to identify additional General Funds in the amount of \$275,000 for the BTF to cover the shortfall.

In order to reduce the potential impact on the General Fund. We recommend that the CDD review the proposed BIDs and determine their eligibility for CDBG Supplemental Earthquake Funds. The allocation of seed funds for expansion of current BIDs, is a policy issue and should be discussed as part of the overall review of the "Citywide BID Policy and Implementation Guidelines." As such we recommend that until eligibility is determined or other of funds are identified, that the issue of BID expansion be continued in Committee, and that a moratorium on seed funds for new BIDs be imposed until additional funds are identified. In the interim, the Committee may wish to allocate the remaining funds in the BTF (\$78,000) and provide each new proposed BID with equal funds to begin formation activities.

ASSESSMENTS

On June 5, 1997 the City Council adopted a Community and Economic Development Committee Report approving, in concept, the City's participation in paying its portion of assessments associated with BIDs. To date only two of the established BIDs include City buildings (Figueroa Corridor and Larchmont Village). The amount of the assessment would be approximately \$10,000 per year. According to the City Clerk, under Proposition 218 the City is required to pay the assessment unless it determines that it receives no benefit from the BID. We recommend that the City Controller and the CAO establish the needed procedures to pay the assessment and report back to Council.

RECOMMENDATIONS:

That the City Council:

1. Establish a moratorium on requests for seed funds for new or expanded BIDs until additional funds are identified.
2. Instruct CDD to review and determine the eligibility of unfunded BIDs for CDBG Supplemental Earthquake funds.
3. Instruct the CLA, Community Development, City Clerk and Mayor's Office to incorporate in their review of the proposed "Citywide BID Policy and Implementation Guidelines." a discussion on the use of seed funds for BID expansion.
4. Request the City Controller and the CAO to establish the necessary procedures to pay the BID assessments, as necessary and report back to Council.

That the City Council, subject to the approval of the Mayor:

1. Distribute equally among the new proposed BIDs the remaining balance from the BID Trust Fund (\$78,000).


Ivania Sobalvarro
Analyst

FISCAL IMPACT STATEMENT: Funds for BIDs were approved in the 1997-98 Budget within the Business Improvement District Trust Fund. There is a balance of \$78,000 available. If recommendations are approved, no funds would remain in the Fund. If all proposed BIDs are funded at their requested level the Council would have to identify an additional \$275,000.

Attachments: 1. Established BIDs
 2. Proposed BIDs
 3. BIDs pending before Comte.

RFD:IS:is

is:bid997

LEGALLY ESTABLISHED BIDs

Below is a list of all established BIDs. These BIDs have completed all the necessary administrative steps required by State law (Parking and Business Improvement Act 1989, 1994). In addition, property based BIDs must follow voting requirements established by Proposition 218. These BIDs have had ordinances adopted by Council and are being assessed through the County tax rolls or direct billing. According to the City Clerk, assessments collected from each BID vary depending on the type of programs to be funded and the financial abilities of members. Current annual revenue projections range from \$70,000 in San Pedro to \$3.2 million in Downtown Center/CCA collaboration. A majority of the BIDs expect to realize approximately between \$300,000 and \$700,000 per year.

ESTABLISHED BUSINESS IMPROVEMENT DISTRICTS					
NAME		CD	Effective Date / Ordinance #	Seed Funds/ CDBG	Amount BTF
1	Century Corridor	6	9/18/97 / #171683		\$75,000
2	Downtown Center/CCA	9, 14	9/7/97/ #171678	\$75,000	\$75,000
3	Fashion District (DPOA)	9, 14	6/20/95 / #170583	*previous allocation of CDBG \$150,000	
4	Figueroa Corridor	8, 9	9/25/97/ #171692	\$73,578	
5	Larchmont Village	4	9/18/97 / #171684		\$10,000
6	Lincoln Heights	1	9/6/97 / #171677	\$75,000	
7	Hollywood Entertainment	13	10/20/96 / #171273	\$75,000	
8	Downtown San Pedro	15	12/1/96 / 171379	*previous allocation of CDBG \$15,000	
9	Westwood Village	5	7/1/95 / #170528	0	
10	Wilshire Center	10	10/31/95/ #170755	0	
TOTAL				BTF: \$160,000 CDBG: \$298,578 OTHER CDBG: \$165,000	

CDBG REGULAR AND SUPPLEMENTAL EARTHQUAKE FUNDS

To date CDBG funds of \$450,000 regular and \$900,000 in CDBG Supplemental Earthquake funds have been allocated as seed funds for BIDs. Use of regular CDBG funds must meet compliance with the United States Department of Housing and Urban Development (HUD) regulations. The Community

FILE NO.

SUBJECT

(5)

94-0082-S57 Mayor's Office of Economic Development progress report on the Economic Development Administration (EDA) Infrastructure Grant Program.
Fiscal impact statement submitted: No

DISPOSITION _____

(6)

96-1741 & s1 Continued from October 24, 1996, Special Meeting CDD to report relative to Motion (Hernandez - Ridley-Thomas) requesting preparation of a report summarizing all the economic incentives provided to the different zones and areas, including a discussion of overlaps, new areas of need, area extensions and deletions, successes and failures. (Continued from meeting held 9-9-96).
Fiscal impact statement submitted: No

DISPOSITION _____

(7)

96-2177-S1 CDD report relative to authority by resolution the employment of staff for the Old Venice Branch Library ("Oakwood Family Youth Center") and purchase of two passenger vans.
Fiscal impact statement submitted: Yes, by CDD

DISPOSITION _____

(8)

96-2129 CDD report relative to authority to release PY 1997-2000 JTPA Adult and School to Career RFP documents.
Fiscal impact statement submitted: Yes, by CDD

DISPOSITION _____

(9)

93-0097-S1 CDD report relative to request to execute second amendment to agreement No. 90492 relative to the Consolidated Plan between CDD and the Hollenbeck Police Business Council, Inc.

DISPOSITION _____

COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE

MONDAY - JANUARY 6, 1997

2:00 P. M. - ROOM 238 - CITY HALL
200 N. Spring Street, Los Angeles, CA 90012

MEMBERS: COUNCIL MEMBER MIKE HERNANDEZ, Chairperson
COUNCIL MEMBER RICHARD ALARCON
~~COUNCIL MEMBER JOEL WACHS~~

(Adrienne Bass - Legislative Assistant - (213)-237-0379)

FILE NO.

SUBJECT

(1)
96-1972 Continued from meeting held October 24, 1996. Transmittal from the Mayor's Office of Economic Development and Council Member Mike Hernandez relative to a proposed "Citywide Business Improvement District (BID) Policy."
Fiscal impact statement submitted: No

DISPOSITION cont 1 month

(2)
96-1972-S1 CDD report relative to status of allocation of funds for the formation of BIDs and recommendations for additional action. (Referred also to B&F Committee)
Fiscal impact statement submitted: Yes, by CDD

DISPOSITION _____

(3)
95-0831-S5 CDD report relative to the execution of a MOU and the execution of Amendment No. 1 to three MOUs pursuant to the consolidated plan between CDD and the Department of Recreation and Parks, plus a request to consolidate funding previously identified for the Wilmington Senior Citizens Center.
Fiscal impact statement submitted: Yes, by CDD

DISPOSITION _____

(4)
94-0082-S24 CAO report relative to Earthquake Recovery Employment Program funding flow and the progression of events leading to unemployment insurance benefit.
Fiscal impact statement submitted: Yes, by CAO

DISPOSITION _____

Establishing a Business Improvement District

The City Clerk's Office will make available materials explaining what a BID is, the difference between a tenant based and property owner based BID, as well as the advantages and disadvantages of each. These materials are considered background materials to assist BID proponents with the first steps of organizing a BID.

Role of the BID proponents -The community proponents of the BID must be prepared to take an active role in the development of the BID. The City requires that the proponents, at the time of submission of a formal BID petition, be a legally organized entity within the business community that can enter into contracts with the City. The proponents must lead the BID effort and provide guidance and leadership within the business community to ensure the highest probability for success of the BID. The organization should establish a "core group" or Advisory Committee that can work with the City to actively develop the BID.

Generating Community Support -The proponents of a BID must initially demonstrate that the businesses and/or property owners have an interest in the formation of a BID. The City highly recommends this "grass roots" involvement of business and/or property owners, as it has proven to be an essential ingredient to the success of a BID. In addition, the City will not grant seed capital until adequate community support has been documented. Community support could include:

1. An informal petition signed by a significant number of the affected community;
2. Research completed which proves the community understands the way a BID works and how it affects the community; and/or
3. The establishment of a core advisory group which will take the lead on planning and formation of the BID.

Establishment of realistic time lines regarding the formation of a BID is strongly recommended. Generating community support, documenting the necessary support, and developing a management plan, as well as collecting the funds, all take a substantial amount of time. Communities should not expect to see success overnight. Realistic expectations regarding the BID benchmarks will contribute to the overall success of the BID.

The City Clerk's Office will provide a mechanism for evaluating community support for each BID to ensure the investment of seed capital is responsibly granted to communities with a high chance of success in their BID efforts.

Funding for Consultants - City funding is available to hire a consultant to assist with the development of a BID, as long as the City has funds available for this assistance. The consultant's role is to work with the BID proponents, document community support, and develop a management plan for the BID. The consultant should also prepare time lines, based on his/her

experience, in order to give the community a realistic idea of how long it will take to establish the BID.

The amount of seed capital granted will depend on the scale, size and complexity of the proposed BID. The request for seed capital should not exceed \$75,000. Typical requests have ranged from \$15,000-\$75,000. The City Clerk's Office will work with the community to establish a realistic budget for seed capital.

Allocation of Seed Capital -Seed capital will be allocated based on the successful completion of benchmarks proposed in the request for seed capital. Benchmarks could include organizational meetings attended by a majority of the community, the submission of an informal petition, different drafts of the management plan, etc. The City encourages the community to be creative in developing benchmarks.

Selecting a Consultant -The City Clerk's Office will make available a list of potential consultants for the Advisory Committee to contact. The Advisory Committee will work with the City and together, interview a minimum of three consultants. If a BID group is not requesting seed capital from the City, the City does not have to be involved with the selection of a consultant. Consultants interested in being on the City's list should submit his/her qualifications to the Office of the City Clerk. This process is open; a consultant may submit his/her qualifications at any time. However, the City will be looking for consultants who have successfully demonstrated the capability to guide a community through the BID process, from planning through implementation.

The City will contract with an Advisory Committee or a consultant. The Advisory Committee should be a legally formed entity to enter into a contract with the City. If the City enters into a contract with a consultant, the contract will require sign-offs from the Advisory Committee or community BID proponents. The contract will require all funds to be used only to implement and complete the required petition process, formulate a management plan, devise an assessment formula, communicate and meet with the business/property owners, and prepare and assist with the submittal of the formal BID documents to the City Council.

Assessments - State law requires that, the assessment formula should be fair and equitable, based on the unique service needs and character of the community. The assessments for each business and/or property must be based on benefits received from the services provided. The management plan should be written by the consultant in sufficient detail to allow businesses/property owners to understand what services and activities will be funded. The assessment formula should be stated in terms that will allow the individual business/property owners to determine how much he/she will be assessed. The City will distribute examples of management plans, budgets, and assessment formulas. The BID Advisory Committee and its consultants should work with the City Clerk's Office throughout this process. The City can then review proposed work and give feedback to the prospective BID, before the final "package" goes before Council.

City Council Adoption of the Business Improvement District

The Council process of BID submissions, protests, and resolutions shall be consistent with California Streets and Highways Code Section 36520 and 36620-36630 inclusive. Both property and business owner based BIDs are subject to these processes.

The BID proponents must submit the following items to City Council in order to establish a BID:

- List of recommended individuals who will serve on the Advisory Board;
- A description of the BID boundaries;
- The management plan including an assessment schedule, a budget, and a description of services and programs to be funded; and
- A petition signed by more than 50% of the business owners or property owners to be assessed.

Once the BID proponents submit the above materials, a preliminary hearing will be held before the City Council's Community and Economic Development Committee. The City will prepare the necessary report, including the draft Resolution of Intention and Notice to be mailed to all impacted businesses or property owners. The Committee, once it approves of the BID materials, will submit the BID to the full Council for the required hearings. The first hearing will be for the adoption of the Resolution of Intention to levy the BID assessment and to approve the Advisory Board and management plan. The Advisory Board will serve as an oversight committee, reporting annually to Council that the service provider is providing services efficiently and in accord with the specifications of the management plan. The Advisory Board also provides annual reports as set forth in California Street and Highways Code Section 36533 and 36633.

The public meeting required by government code section 54954.6 can be combined with the hearing for the Resolution of Intention. The second hearing will be for adoption of the Assessment Ordinance, which also legally establishes the BID. The City Clerk's Office will mail the required notices to all businesses and property owners that are to be assessed, announcing the date and time of the two hearings and attaching a copy of the Resolution of Intention.

At the second hearing, City Council will consider the written protests that have been submitted by the impacted community before adopting the Assessment Ordinance. If protests exceed more than 50% of the value to be assessed, no further proceedings can be undertaken for one year from the finding of the 50% protest. The City Council can proceed with the BID if the protest is less than 50%. However, BID proponents are cautioned that they should not expect a favorable vote from the City Council with a significant number of protests.

Operation of the BID

Once a BID is formally established, the Advisory Board must designate a "service provider" to contract with the City and provide services. The City will only enter into a contract with a legally formed California non-profit organization.

BID assessments will be collected from business owners by the City Clerk and from property owners by the County of Los Angeles. The City may advance funds for the first quarter of a new district so that the district can commence work prior to the collection of the assessments. The funds advanced will not exceed one quarter of the total assessment. The advanced funds will then be deducted from the first year's disbursement. New businesses moving into a BID during the year will be assessed a pro-rated amount for the months remaining in the year. In the instance of a tenant based BID, if a business is not in the district for the entire fiscal year, the business shall be assessed a pro-rated amount for the months it is in the district. Any funds remaining at the end of a fiscal year shall be spent at the discretion of the BID.

Incentives for BIDs

BIDs located within a U.S. Housing and Urban Development designated low to moderate income area may be eligible for a Business Improvement District Assessment Credit (BIDAC) on business license fees. Communities are advised to apply for this credit only if located in an economically disadvantaged area. City Council will consider the BIDAC for BIDs on a case-by-case basis. The BID credit will be granted to BIDs on business license fees only.

If approved by City Council, a business may receive up to a 50% credit of its BID assessment the first year, up to a 40% credit the second year, up to a 30% credit the third year, and up to a 20% credit the fourth year. After the fourth year of operation, businesses will not be eligible for a BID assessment credit. One of the criteria for a credit on business license fees is a high degree of support from the BID community. Each community should work with the City Clerk's Office to ensure adequate support and eligibility for a BIDAC.

Renewals

A property based BID can be established for a period of up to five years. A business based BID can only be established for one year before it must go through the formal renewal process. The annual renewal requirement for a business based BID requires the BID to come to the City to initiate the renewal process well in advance of the start of the second year to ensure there will not be a break in assessment funding.

Proposition 218 and Property Based BIDs

Procedures regarding voting requirements for property based BIDs, as mandated by Article XIII (D) of the California Constitution (Proposition 218), will be implemented by the City Clerk. According to a City Attorney opinion, property-based BIDs must have a majority vote of the affected property owners to establish a BID. This is an additional requirement to the BID

formation process. The City Clerk has included the BID assessment election process as part of the BID formation process.

Improvements on City Property

If a BID makes physical improvements to City property it must provide insurance to assure no City liability, bond the improvement work and submit an estimated cost of maintaining the improvements with the annual proposed budget. The Council may require the improvements to be removed if a district is disestablished.

Reimbursement of City Funds

The City shall recover the direct costs related to the billing, collection, accounting, and financial transactions of the BID. Direct costs also include salaries, expenses and equipment. The City will provide for each BID a realistic estimate of these costs in advance of billing, as well as an accounting of the actual time spent once the BID has been billed. The cost of collection of delinquencies shall be borne in the form of a penalty assessed for late payments.

Disestablishment

A BID may be disestablished if there is:

1. Misappropriation of funds, malfeasance, or a violation of law in connection with the management of the BID;
2. Majority protest of BID members; or
3. In the instance of a tenant based BID, disestablishment for any reason upon the action of the City Council to adopt an Ordinance.

If there are funds remaining at the end of a fiscal year, but the district is disestablished, the remaining funds shall be used first to pay any outstanding City costs. The remainder, if any, shall be returned on a pro-rata basis to the business/property owners which are still within the former district's boundaries.



99 96-1972

CITY HALL
LOS ANGELES, CALIFORNIA 90012
(213) 847-2489

OFFICE OF THE MAYOR

RICHARD J. RIORDAN
MAYOR

September 25, 1997

Honorable Members, Los Angeles City Council
c/o City Clerk
Room 395, City Hall
200 North Spring Street
Los Angeles, CA 90012

RE: City-wide Business Improvement District Policy and Implementation Guidelines

The Mayor's Office of Economic Development and Council Member John Ferraro hereby submit this joint transmittal to the Community and Economic Development Committee for the City-wide Business Improvement District (BID) Policy and Implementation Guidelines.

A BID is a geographically defined area in which business or property owners have agreed to assess themselves for additional services designed to improve the business climate of the area. BIDs may lead to increased pedestrian traffic for local business activity, cleaner and safer communities, as well as an increased tax base for the City. BID services include street scape programs, clean and safe programs, graffiti abatement, marketing, holiday decorations, and other programs developed for each community to improve the local environment.

The Business Improvement District policy was developed by an interdepartmental task force to facilitate and guide the development of BIDs throughout the City. The Task Force included representatives from the following:

- Chief Legislative Analyst
- City Council
- City Attorney's Office
- City Clerk's Office
- Community Development Department



- Community Redevelopment Agency
- Mayor's Office of Economic Development
- Planning Department

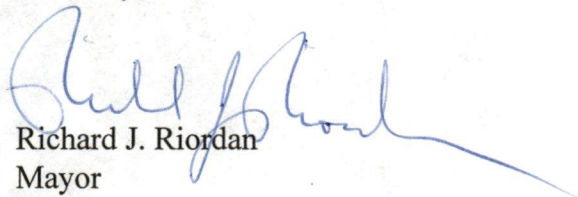
The purpose of the policy is to provide guidelines for establishing and administering BIDs. The City Council has already assisted with the development of over 40 potential BIDs throughout the City. This policy seeks to develop standards as well as a defined process for BID proponents. In addition, the policy and guidelines standardize procedures and include benchmarks that will greatly contribute to the overall success of the City's BIDs.

RECOMMENDATION:

The Mayor's Office of Economic Development and Council Member John Ferraro hereby request that the City Council, subject to the approval of the Mayor:

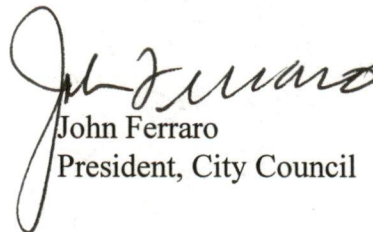
1. Accept and approve the City-wide Business Improvement District Policy and Implementation Guidelines.

Sincerely,



Richard J. Riordan
Mayor

RJR/rjd:bsk



John Ferraro
President, City Council

**City of Los Angeles
Business Improvement Districts
Policy and Implementation Guidelines**

Introduction

This policy seeks to establish guidelines for communities interested in establishing a Business Improvement District (BID) in the City of Los Angeles. The policy is a result of experience both within the City, as well as from the thousands of BIDs already in operation throughout the U.S. In this context, the policy supports business and property owners who want to take the lead in an effort to establish a BID.

The City of Los Angeles recognizes the importance of fostering public-private partnerships to restore and maintain the health and vitality of Los Angeles' neighborhood business districts. The City will actively assist groups interested in establishing BIDs by providing City staff and funding resources to guide groups through the process. The purpose of this policy is to provide guidelines to establish and administer BIDs within the City. The City recognizes the benefits of BIDs, as well as the unique and varied needs of the neighborhood business districts throughout Los Angeles.

City BID Task Force to Assist BID Proponents

The City has created a BID Interdepartmental Task Force to facilitate the development of BIDs and help guide and direct BID policy. This Task Force reports directly to the Community and Economic Development Committee and the Budget and Finance Committee. The Task Force is comprised of representatives from the following offices and departments:

- Building and Safety
- City Council representation
- Chief Legislative Analyst
- City Attorney's Office
- City Clerk's Office
- Department of Transportation
- Community Development Department
- Community Redevelopment Agency
- Mayor's Office of Economic Development
- Planning Department
- Public Works

The City Clerk's Office will serve as the central coordinating office to maintain the Task Force, as well as guide BIDs through the City process. The City Clerk's Office will work closely with each department as well as the respective council offices to ensure a BID's success. In addition,

the Community Development Department, the Community Redevelopment Agency, as well as LA's Business Team within the Mayor's Office of Economic Development, will continue to serve as the City's marketing arm for BIDs and assist communities with pre-BID activities.

What is a Business Improvement District?

A business improvement district is a geographically defined area in which businesses or property owners have agreed to assess themselves for additional services designed to improve the business climate of the area. The BID and the assessments are created under two State laws:

1. The Parking and Business Improvement Act Law of 1989 allows business owners to assess themselves; and
2. The Property and Business Improvement Law of 1994 allows owners of real property within a defined area to assess themselves.

Both laws could be utilized to assess both business and property owners within a defined area.

Property and/or business owners within the defined area receive special services designed to improve the business climate of the area. The level and types of services are determined by the BID. Services may include, but are not limited to:

- parking facilities
- security
- maintenance
- graffiti removal
- street scape improvements
- marketing
- special events
- seasonal decorations
- sidewalk improvements
- street lighting
- decorations
- trash receptacles
- fountains

The goals of a business improvement district include, but are not limited to:

- increased pedestrian traffic for businesses
- increased property values
- increased tax base for the City

These benefits are realized through the variety of services provided, as well as guidance and support from the City.

STATUS OF BID TRUST FUND (BTF)

General Fund

The BID Trust Fund was created (No. 171,094) to provide funds for BID formation in areas that would not be eligible from either regular CDBG or Supplemental Earthquake funds. The Ordinance provides for a limit of 3 BIDs per Council District in any one fiscal year.

To date, the City Clerk has been allocated a total of \$1.1 million for the BTF to fund BID formation activities. Of this amount approximately \$1 million has been earmarked for established and proposed BIDs. Not all of these funds have actually been paid out and the City Clerk is preparing guidelines for use of the Trust Fund. The City Clerk guidelines may include a time limit for use of the allocated funds as well as a suggested format for consulting and contractual arrangements.

PROPOSED BUSINESS IMPROVEMENT DISTRICTS (BID TRUST FUND)				
NAME		CD	Council File	Seed Funds/Amount
1	Fairfax-Melrose	5	96-0685	\$65,000
2	Downtown Industrial/CCE	14	96-1281	\$40,000
3	Brentwood	11	96-0941	\$50,000
4	El Sereno	14	96-0894	\$75,000
5	Eagle Rock	14	96-0895	\$75,000
6	Jefferson Corridor	10	96-0889	\$75,000
7	Wilmington	15	96-0897	\$75,000
8	Third Street	5	97-1024	\$75,000
9	Pico Corridor	10	96-1963	\$75,000
10	Hollywood Media	13	97-1253	\$75,000
11	Pico-Fairfax	5, 10	97-1211	\$75,000
12	Crenshaw	10	96-1964	\$75,000
13	Leimert Park (Phase II)	8	96-1057	*\$32,000 (approved by CED 9/15/97 & Budget and Fin. 9/30/97 in Council 10/8)
TOTAL				\$862,000

PROPOSED BUSINESS IMPROVEMENT DISTRICTS (no seed funds)				
NAME		CD	Council File	Seed Funds/Amount
1	Toytown/CCE	9	97-1640	0

UNFUNDED BIDS

Below is a list of BIDs that are pending before Committee and Council requesting funds for formation assistance or expansion. There are insufficient funds within the BTF to fund all requests. These BIDs should be referred to the Community Development Department for eligibility determination for CDBG Supplemental Earthquake funds. The remaining funds within BTF funds can be divided among the remaining BIDs. Seed funds for BID expansion is a policy issue, and should be incorporated in the current review of the proposed "Citywide Business Improvement District Policy and Guidelines." We recommend that the issue be continued in Committee until a determination is made on additional sources of funds and departments have reported on the policy.

BIDS PENDING BEFORE COMMITTEE / COUNCIL				
NAME		CD	Council File	Seed Funds/ Amount
1	Vermont *CDBG funds were approved in Council none identified	9	96-1683	\$35,000
2	Historic Core	14	96-0829	\$18,000
3	South Robertson	5,10	97-1462	\$75,000
4	Washington Blvd.	10	97-1463	\$75,000
5	Hollywood Entertainment Expansion	13	96-0575	\$75,000 (originally received \$75,000 CDBG)
6	Downtown Fashion District Expansion	9, 14	94-0866	\$75,000 (originally received \$150,000 in CDBG)
TOTAL				BTF: \$318,000 CDBG: \$35,000 \$353,000

Development Department oversees these contracts for HUD compliance.

PROPOSED BUSINESS IMPROVEMENT DISTRICTS (CDBG)				
NAME		CD	Council File	Seed Funds/ Amount
1	Leimert Park	8	96-1057	\$36,000
2	Highland Park	14	96-0088	\$75,000
3	Little Tokyo	9	96-0844	\$39,000
4	Slauson Central/ INCORE	9	93-1462-s2	*previous allocation of CDBG \$150,000
TOTAL				CDBG: \$150,000 OTHER CDBG: \$150,000

The CDBG Supplemental Earthquake Funds may be used in all areas of the City that show a nexus to the 1994 Northridge Earthquake. A balance of approximately \$142,000 remains in this account. If funds are not obligated by November 4, 1997 they are subject to reprogramming. The CDD should be requested to review the current pending BIDs for eligibility for this funding source and report to committee as soon as possible.

PROPOSED BUSINESS IMPROVEMENT DISTRICTS (CDBG/EARTHQUAKE)				
NAME		CD	Council File	Seed Funds/ Amount
1	Studio City	2,5	96-0610	\$74,898
2	Encino	11	96-0491	\$72,420
3	Reseda	3	96-0580	\$72,000
4	Sherman Oaks	5	96-0611	\$75,000
5	Tarzana	11	96-0490	\$74,890
6	Woodland Hills	11	96-0492	\$70,500
7	Los Feliz	4	96-0023	\$19,500
8	Canoga Park	3	96-1439	\$75,000
9	Northridge	12	96-1006	\$74,712
10	Granada Hills	12	96-1008	\$74,690
11	Chatsworth	12	96-1007	\$75,000
TOTAL				\$758,610

CITY OF LOS ANGELES SPEAKER CARD

Date

10/24/96

Council File No., Agenda Item, or Case No.

#8

I wish to speak before the

CED Cante

Name of City Agency, Department, Committee or Council

Do you wish to provide general public comment, or to speak for or against a proposal on the agenda? () For proposal

Name: Sandra Yamane () Against proposal
(X) General comments

Business or Organization Affiliation:

Central City Assn

Address:

1006 S. Olive St. LA CA

90014

Street

City

State

Zip

Business phone:

624-1213

Representing:

CCA

CHECK HERE IF YOU ARE A PAID SPEAKER AND PROVIDE CLIENT INFORMATION BELOW:

☐

Client

Name:

Phone #:

Client Address:

Street

City

State

Zip

Please see reverse of card for important information and submit this entire card to the presiding officer or chairperson.

CITY OF LOS ANGELES SPEAKER CARD

#8

Date

10-24-96

Council File No., Agenda Item, or Case No.

96-1972

Wish to speak before the

CED Committee

Name of City Agency, Department, Committee or Council

Do you wish to provide general public comment, or to speak for or against a proposal on the agenda?

- ☒ For proposal
☐ Against proposal
☒ General comments

Name:

CHARLOTTE GIBLIN

Business or Organization Affiliation:

Downtown Property Owners Assn

Address:

110 E 9th St Ste C625 Los Angeles 90079

Street

City

State

Zip

Business phone:

213 488-1153

Representing:

CHECK HERE IF YOU ARE A PAID SPEAKER AND PROVIDE CLIENT INFORMATION BELOW:

☐

Client Name:

Phone #:

Client Address:

Street

City

State

Zip

Please see reverse of card for important information and submit this entire card to the presiding officer or chairperson.

COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE

****SPECIAL MEETING****

Thursday - October 24, 1996

2:00 P. M. - ROOM 238 - CITY HALL
200 N. Spring Street, Los Angeles, CA 90012

MEMBERS: COUNCIL MEMBER MIKE HERNANDEZ, Chairperson
COUNCIL MEMBER RICHARD ALARCON
COUNCIL MEMBER JOEL WACHS

(Adrienne Bass - Legislative Assistant - (213)-237-0379)

FILE NO.

SUBJECT

(1)
96-1980 Mayor's Office of Economic Development request to
CDS 1,13 contract with UCLA for consultant services to create
economic development impact pilot models for the
MacArthur Park and Hollywood Boulevard areas; to be
funded by an Economic Development Administration
Strategic Planning Grant at a cost of \$150,000.

Fiscal impact statement submitted: Yes, by CAO.

DISPOSITION _____

(2)
96-1498 CDD/CAO reports relative to contract with the Los Angeles
Local Development Corp. for the administration and
consolidation of certain CDD lending programs and first
amendment to agreement relating to the 5401 Associates,
L. P., project. (Continued from meeting held 10-7-96)

Fiscal impact statement submitted: Yes, by CDD, CAO.

DISPOSITION _____

(3)
94-0804 CDD/CAO reports relative to selection of a financial
advisor for the Los Angeles Industrial Development
Authority. (Continued from meeting held 10-7-96).

Fiscal impact statement submitted: Yes, by CDD, CAO.

DISPOSITION _____

Community and Economic Development Committee
Thursday - October 24, 1996

96-1741

(4)

CDD to report relative to Motion (Hernandez - Ridley-Thomas) requesting preparation of a report summarizing all the economic incentives provided to the different zones and areas, including a discussion of overlaps, new areas of need, area extensions and deletions, successes and failures. (Continued from meeting held 9-9-96).

Fiscal impact statement submitted: No.

DISPOSITION _____

97-0002-S8

(5)

CDD/CLA to report relative to the status of second-round Empowerment Zones and Enterprise Communities activities, pursuant to Motion (Hernandez - Ridley-Thomas). (Continued from meeting held 9-9-96).

Fiscal impact statement submitted: No.

DISPOSITION _____

(6)

CAO/CLA to report relative to on-going restructuring of economic development and status of the City's economic strategic plan. (Continued from meeting held 10-7-96).

Fiscal impact statement submitted: No.

DISPOSITION _____

96-0897
CD 15

(7)

Motion (Svorinich-Wachs) relative to formation of the Wilmington Business Improvement District (BID) and use of up to \$75,000 in CDBG or other available funds for this purpose.

Fiscal impact statement submitted: No.

DISPOSITION _____

96-1972

(8)

Transmittal from the Mayor's Office of Economic Development and Council Member Mike Hernandez relative to a proposed "Citywide Business Improvement District (BID) Policy."

Fiscal impact statement submitted: No.

DISPOSITION _____

*On Reimbursement
portion of Policy*

*City Clerk to report back and clarify actual
administrative cost and define cost recovered.*

Community and Economic Development Committee

Thursday - October 24, 1996

CITY OF LOS ANGELES
CALIFORNIA



RICHARD J. RIORDAN
MAYOR

OFFICE OF THE
CITY CLERK
ROOM 395, CITY HALL
LOS ANGELES, CA 90012
(213) 485-5708
FAX (213) 237-0636

November 15, 1996

Honorable Members of the Community and Economic Development Committee
Room 238, City Hall
200 North Spring Street
Los Angeles, California 90012

REGARDING: CITYWIDE BUSINESS IMPROVEMENT DISTRICT (BID) PROGRAM,
REIMBURSABLE COSTS

Honorable Committee Members:

On October 24, 1996 your Committee instructed this Office to prepare a report concerning the various costs associated with the City Clerk's involvement in the Citywide BID program. The request was made during a preliminary review of a proposed Citywide BID Policy report (Council File 96-1972); several issues regarding reimbursable City expenses were raised. The purpose of this report is to provide additional information relative to BID-related City expenses.

BACKGROUND

Each BID differs from any other BID in terms of geographic size, type of funding mechanism, number of members, economic history, assessment structure, type of environment, and programs or activities to be funded. No two districts are alike. Because of these differences, the amount of City expense varies significantly and the level of City involvement determines in large part the associated expense level.

The City Clerk's role in the Citywide BID Program originally included the administration of assessment billing and collections, general accounting, and the performance of various financial transactions. However, as the program expanded throughout the City, the City Clerk's Office has become involved in virtually every aspect of the program.

The additional areas of involvement include: district development assistance; consultant selection assistance; district management plan assistance; legislative assistance; database development; contract compliance oversight and district program performance analysis. While these activities do require the use of staff, supplies and equipment, none of the activities have realized reimbursement; the Department has absorbed the expense.



RECEIVED
CITY CLERK'S OFFICE

96 NOV 15 PM 2:58

CITY CLERK
BY _____
DEPUTY

COST RECOVERY

Under existing City policy, only a fraction of the actual costs associated with the Citywide BID program are recovered. In addition, only those costs incurred after the district is formally established are currently reimbursable; all district formation expenses are nonrecoverable, including most expenses incurred by other City departments.

The logic behind this approach dates to the City's earliest experience with BID establishment. Original cost and expense projections prepared in 1992 and 1993 were viewed as an obstacle to implementing the program by making it prohibitively expensive for a BID to form or to operate.

Revised versions of the cost estimates, developed in 1994 and 1995 to conform with a City Attorney BID policy report, resulted in a more positive response from the proponent groups and reflected the City's evolving perception of BIDs as a viable economic tool.

PROCEDURE

After a district is established by Council and prior to the City contracting with the BID's corporate entity, the Department provides an estimate of the time and expense involved in BID administration. This estimate becomes the basis for reimbursement to the City after assessment revenue is collected.

For clarification purposes, costs have been grouped into two categories: recoverable expenses and nonrecoverable expenses. The terms "recoverable" and "nonrecoverable" apply to the BID program as it currently exists; the Committee may make recommendations to the City Council to add or delete specific expenses.

RECOVERABLE EXPENSES

Currently, only City Clerk direct costs which are related to the billing, collection, accounting and financial transactions functions are reimbursable to the City from the districts. The direct costs include salaries, expenses and equipment. Costs associated with each of these three categories are charged to the districts on a prorated basis. A cost detail summary of reimbursable expenses, as charged to each of the operating districts, is attached for your information.

A percentage of the salaries of one Management Analyst II, one Principal Clerk, and three Senior Clerk Typists are currently charged to each BID. In addition, certain types of equipment and supplies are charged to the districts, also on a prorated basis. The amount to be recovered varies among the districts and is affected by the law under which the district

is organized (property or tenant-based), as well as the many differences which exist between the districts.

NONRECOVERABLE EXPENSES

BID formation activities are not recovered from the district. These activities include City Clerk and City Attorney involvement with preliminary plan review, petition verification, notice preparation, legal document preparation, and, protest verification and tabulation. In addition, postage, paper, envelopes and printing costs associated with BID formation activities are waived.

Property-based BIDs require regular liaison with the County Assessor and Auditor-Controller, which the City Clerk's Office provides on a nonrecoverable basis. City Clerk staff also respond to numerous requests for information, presentations and descriptive literature, on a regular and ongoing basis. And the Community Development Department has been involved with the oversight of federal funds used for BID establishment studies.

Expenses incurred by the Controller in processing funds for the BID are not recovered. Information Technology Agency staff expertise relative to BID operations is absorbed. The City Attorney's Office may attend BID board meetings as requested and assist with problem resolution; this element is also not recovered. And the Office of the Chief Legislative Analyst absorbs expenses incurred for the various research and documentation prepared regarding the various districts and the BID program on a citywide basis.

EXISTING DISTRICTS

The Westwood Village and Wilshire Center BIDs are each beginning the second year of operations. The Fashion District BID has nearly completed its first operating year. Two other districts, in Hollywood and San Pedro, have been established by Council but have not begun formal operations.

Based on our experience with the Westwood and Wilshire BIDs, we estimate that reimbursable direct costs account for approximately 2% of annual assessment revenue. We expect these costs to remain relatively constant except during the reconfirmation process, where an increase in concentrated activity would occur.

The Fashion District reimbursable costs were underestimated and have proven to be higher than originally projected. Reimbursable expenses for the Fashion District did not include the salary and equipment expenses associated with field investigations by City staff responding to inquiries from property owners in the district, or the salary and

Honorable Members of the Community and Economic Development Committee
Page 4

equipment expenses associated with the computer systems analysts responsible for the electronic assessment data preparation and verification.

APPLICATION

We have presented the current application of existing City policy regarding reimbursable costs. The current method could remain in force, where a reimbursement range of approximately two percent would be recovered. Alternately, a policy decision could be made by the Council regarding the reimbursement of a different, standardized percentage of assessment revenue, allocated by Department and by category, to be collected from each district.

Sincerely,

J. Michael Carey
J. MICHAEL CAREY
City Clerk

Attachments

COST DETAIL - WESTWOOD VILLAGE BUSINESS IMPROVEMENT DISTRICT
ASSESSMENT PROGRAM FISCAL YEAR 1995-96 (YEAR 1)

Administrative Costs

Salaries

Account 1010 - Salaries General

Qty

0.100	Management Analyst II (91692)	\$5,098
0.100	Principal Clerk (1201)	3,991
0.092	Senior Clerk Typist (1368)	<u>3,146</u>
Total Account 1010		12,235

Expenses

Account 2120 - Printing and Binding

Postage, Assessment Due notice (1,300 @ \$.32/ea)	416
Postage, Delinquent notice (260 @ .32/ea)	83
Envelopes, notice and remittance	<u>300</u>
Total Account 2120	799

Account 3040 - Contractual Services

Consultant fees, system development, prorata @ .10 of \$5,000	<u>500</u>
Total Account 3040	500

Account 6010 - Office and Administrative Expense

General expense allocation, miscellaneous office supplies	75
Software, computer, prorata @ .10 of \$840	<u>84</u>
Total Account 6010	159

Equipment

Account 7300 - Furniture, Office and Technical Equipment

1	Safe, floor, prorata @ .10 of 1,450	145
1	Facsimile machine, prorata @ .10 of 2,030	203
1	Calculator, electronic, prorata @ .10 of 80	8
	Hardware, computer, prorata @ .10 of 4,920	<u>492</u>
Total Account 7300		848

Subtotal	14,541
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CAP 18 (FY 1995-96) Indirect Cost Rate @ 1.7574 of Gross Salaries (\$21,502 - Westwood BID exempt)	<u>0</u>
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Total Administrative Costs	\$14,541
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WESTWOOD VILLAGE BUSINESS IMPROVEMENT DISTRICT PROGRAM
Cost Detail Supplement - Salaries

Estimated Time Allocations

1. Management Analyst II (91692):
10% of time allocated over fiscal year; average = 45 minutes per day.
\$50,978 (0.10) = 5,098
Tasks include general project management and supervision; liaison with district board and general membership, City departments, Mayor and Council offices; contract administration; preliminary approval of activities, receipts and expenditure documentation; problem resolution; staff and services coordination; funding request and assessment adjustment processing.

2. Principal Clerk (1201):
10% of time allocated over fiscal year; average = 45 minutes per day.
\$39,914 (0.10) = 3,991
Tasks include supervision of clerical staff; database maintenance; preparation of notices, statements, letters and reports; creation of delinquency lists; verifying accuracy of staff data entry and cash deposits; performing periodic audits of cashbox and safe; providing responses to general public inquiries.

3. Senior Clerk Typists (1368):
5% of time 1st quarter (July/Aug/Sept) x 3 SCT.
3(0.05) = .15 or approx 1 hour per day. \$34,194 (0.15) = 5,129
First quarter contains highest clerical activity level, with the majority of inquiries, responses, adjustments and payment processing activities, including delinquents, occurring through September.

5% of time 2nd quarter (Oct/Nov/Dec) x 2 SCT.
2(0.05) = .10 or approximately 48 minutes per day. \$34,194 (0.10) = 3,419
Decreased clerical activity period, with tasks primarily recordkeeping, periodic accounting, delinquency tracking, report generation and database maintenance.

2.5% of time 3rd and 4th quarters (Jan-June) x 1 SCT.
1(0.025) = .025 or approximately 1 hour per week. \$34,194 (0.025) = 855
Minimal clerical activity. Account monitoring, closeout, statement generation and annual report preparation.

Total average, Senior Clerk Typist, for fiscal year:
.15 + .10 + .025 = .2750/3 SCT
.092 = average position time allocation. \$34,194 (0.092) = 3,146
Tasks include meeting the public; distributing general information brochures; accepting payments; logging payments into PC; issuing receipts as requested; preparing cash receipt forms; making deposits to Treasurer; mailing delinquency notices.

CAP 18 Indirect Cost Rates (City Clerk, Land Records Division)

Rates: Fringe Benefits (.4422) + Central Services (1.1276) + Department Administration (.1876)
= 1.7574 (Total Indirect Cost Rate)
Gross Salaries including Compensated Time Off (\$12,235) x IC Rate (1.7574)
= \$21,502
Indirect Costs (\$21,502) + Gross Salaries (12,235)
= \$33,737

COST DETAIL - DOWNTOWN PROPERTY OWNERS MANAGEMENT DISTRICT
ASSESSMENT PROGRAM FISCAL YEAR 1995-96 (YEAR 1)

City Clerk Administrative Costs

Salaries

Account 1010 - Salaries General

Qty

0.050	Management Analyst II (91692)	\$2,549
0.050	Principal Clerk (1201)	1,996
0.046	Senior Clerk Typist (1368)	<u>1,573</u>
Total Account 1010		6,118

Expenses

Account 3040 - Contractual Services

Consultant fees, system development, prorata @ 0.10 of \$5,000	<u>500</u>
Total Account 3040	500

Account 6010 - Office and Administrative Expense

General expense allocation, miscellaneous office supplies	75
Software, computer, prorata @ 0.10 of \$840	<u>84</u>
Total Account 6010	159

Equipment

Account 7300 - Furniture, Office and Technical Equipment

1 Facsimile machine, prorata @ 0.025 of 2,030	51
1 Calculator, electronic, prorata @ 0.05 of 80	4
Hardware, computer, prorata @ 0.10 of 4,920	<u>492</u>
Total Account 7300	547

Subtotal	7,324
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CAP 18 Indirect Cost Rate @ 1.7574 of Gross Salaries (\$13,516 - Not chargeable to District)	<u>0</u>
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Total City Clerk Administrative Costs	\$ 7,324
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Los Angeles County Direct Assessment Expenses (deducted from gross collection):

Annual Fee for Direct Assessment Electronic Data Processing:	\$ 0.17 per assessment per parcel
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Adjustments / Corrections subsequent to annual processing deadline (August 31):	\$20.00 per assessment per parcel
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COST DETAIL - WILSHIRE CENTER BUSINESS IMPROVEMENT DISTRICT
ASSESSMENT PROGRAM FISCAL YEAR 1997 (YEAR 2)

Administrative Costs

Salaries

Account 1010 - Salaries General

Qty

0.01	Management Analyst II (91692)	\$509.80
0.01	Principal Clerk (1201)	399.10
0.009	Senior Clerk Typist (1368)	<u>314.60</u>
Total Account 1010		1,223.50

Expenses

Account 2120 - Printing and Binding

Postage, Assessment Due notice (90 @ \$.32/ea)	28.80
Postage, Delinquent notice (22 @ .32/ea)	7.04
Envelopes, notice and remittance	<u>24.00</u>
Total Account 2120	59.84

Account 3040 - Contractual Services

Consultant fees, BID system development, prorata @ .01 of \$50,000	<u>500.00</u>
Total Account 3040	500.00

Account 6010 - Office and Administrative Expense

General expense allocation, miscellaneous office supplies	75.00
Software, computer, prorata @ .10 of \$840	<u>84.00</u>
Total Account 6010	159.00

Equipment

Account 7300 - Furniture, Office and Technical Equipment

1 Safe, floor, prorata @ .10 of \$1,450	145.00
1 Facsimile machine, prorata @ .01 of \$2,030	20.30
1 Calculator, electronic, prorata @ .10 of \$80	8.00
Hardware, computer, prorata @ .01 of \$4,920	<u>49.20</u>
Total Account 7300	222.50

Subtotal	2,164.84
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CAP 19 Indirect Cost Rate @ 1.0227 of Gross Salaries (\$786.51: Wilshire BID exempt)	<u>0</u>
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Total Administrative Costs	\$2,164.84
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**COST DETAIL - WESTWOOD VILLAGE BUSINESS IMPROVEMENT DISTRICT
ASSESSMENT PROGRAM FISCAL YEAR 1996-1997 (YEAR 2)**

Administrative Costs

Salaries

Account 1010 - Salaries General

Qty

0.100	Management Analyst II (91692)	\$5,098
0.100	Principal Clerk (1201)	3,991
0.092	Senior Clerk Typist (1368)	<u>3,146</u>
Total Account 1010		12,235

Expenses

Account 2120 - Printing and Binding

Postage, Assessment Due notice (900 @ \$.32/ea)	288
Postage, Delinquent notice (225 @ .32/ea)	72
Envelopes, notice and remittance	<u>240</u>
Total Account 2120	600

Account 3040 - Contractual Services

Consultant fees, BID system development, prorata @ .01 of \$50,000	500
Total Account 3040	500

Account 6010 - Office and Administrative Expense

General expense allocation, miscellaneous office supplies	75
Software, computer, prorata @ .10 of \$840	<u>84</u>
Total Account 6010	159

Equipment

Account 7300 - Furniture, Office and Technical Equipment

1	Safe, floor, prorata @ .10 of 1,450	145
1	Facsimile machine, prorata @ .10 of 2,030	203
1	Calculator, electronic, prorata @ .10 of 80	8
	Hardware, computer, prorata @ .10 of 4,920	<u>492</u>
Total Account 7300		848

Subtotal

14,342

CAP 18 Indirect Cost Rate @ 1.7574 of Gross Salaries (\$21,502; Westwood BID exempt)

0

Total Administrative Costs

\$14,342



CITY HALL
LOS ANGELES, CALIFORNIA 90012
(213) 847-2489

OFFICE OF THE MAYOR

RICHARD J. RIORDAN
MAYOR

September 13, 1996

Honorable Members of the City Council
c/o City Clerk
Room 395 City Hall

Re: **Proposed "Citywide Business Improvement District (BID) Policy"**

Honorable Members:

The Mayor's Office of Economic Development and Council Member Mike Hernandez hereby submit this joint transmittal for consideration by the Community and Economic Development Committee for a proposed "Citywide Business Improvement District (BID) Policy and Implementation Guidelines".

A BID is a geographically-defined area in which business or property owners have agreed to assess themselves for additional services designed to improve the business climate of the area. BIDs may promote increased pedestrian traffic for local business activity and cleaner and safer communities, as well as provide an increased tax base for the City. BID services include streetscape programs, clean and safe programs, graffiti abatement, marketing, holiday decoration promotions, and other programs developed for each community to improve the local environment.

The Business Improvement District Policy was developed by an Interdepartmental Task Force to facilitate and guide the development of BIDs throughout the City. The Task Force is made up of representatives from the following:

- City Council
- Mayor's Office of Economic Development
- Chief Legislative Analyst
- City Attorney's Office
- City Clerk's Office
- Community Development Department
- Community Redevelopment Agency
- Planning Department.

COMNTY & ECON DEV

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Honorable City Council Members
September 13, 1996
Page 2


The Policy will provide guidelines for establishing and administering BIDs in a consistent manner. The City Council has already assisted with the development of over 30 potential BIDs throughout the City. This Policy seeks to develop standards and define a process for BID proponents. In addition, the Policy and Guidelines delineate certain standards and benchmarks which will greatly contribute to the overall success of the City's BID programs.

RECOMMENDATION:

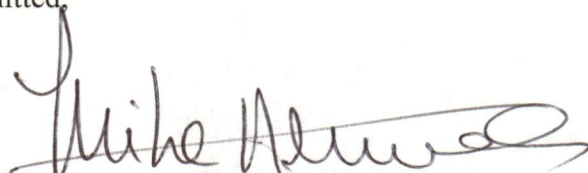
The Mayor's Office of Economic Development and Council Member Mike Hernandez hereby request that the City Council:

1. Accept and approve the "Citywide Business Improvement District (BID) Policy and Implementation Guidelines"; and
2. Instruct the Mayor's Office of Economic Development to continue meeting with the Interdepartmental BID Task Force in order to ensure that other administrative duties are assigned to appropriately support this policy.

Respectfully submitted,



Richard J. Jordan
Mayor



Council Member Mike Hernandez
Chair, Community & Economic
Development Committee

cc: Interdepartmental BID Task Force

**City of Los Angeles
Business Improvement Districts
Policy and Implementation Guidelines**

Introduction

This policy seeks to establish guidelines for groups interested in establishing a Business Improvement District (BID) in the City of Los Angeles. The policy is a result of experience both within the City, as well as from the thousands of BIDs already in operation throughout the U.S. In this context, the policy supports business and property owners in their efforts to develop cooperative agreements aimed at improving the property values, employment base, and profitability of local communities.

The City of Los Angeles recognizes the importance of fostering public-private partnerships to restore and maintain the health and vitality of Los Angeles' neighborhoods. The City will actively assist groups interested in establishing Business Improvement Districts throughout the City by providing City staff and funding resources to guide groups through the process. The purpose of this policy is to provide guidelines to establish and administer BIDs within the City. The City recognizes the benefits of BIDs, as well as the unique and varied needs of the potential BIDs throughout Los Angeles.

City BID Task Force to Assist BID Proponents

The City has created a BID Interdepartmental Task Force to facilitate the development of BIDs and help guide and direct BID policy. This Task Force will report to the Community and Economic Development Committee and the Budget and Finance Committee. The Task Force is comprised of representatives from the following offices and departments:

- Building and Safety;
- City Council representation;
- Chief Legislative Analyst;
- City Attorney's Office;
- City Clerk's Office;
- Department of Transportation;
- Community Development Department;
- Community Redevelopment Agency;
- Mayor's Office of Economic Development;
- Planning Department; and
- Public Works.

The Mayor's Office of Economic Development coordinated the city's BID Task Force and will serve as the central coordinating office to guide BIDs through the establishment process. The Mayor's Office will work closely with each department as well as the respective council offices to ensure a BID's success.

Revised Policy submitted 10/24/96

What is a Business Improvement District?

A business improvement district is a geographically defined area in which businesses or property owners have agreed to assess themselves for additional services designed to improve the business climate of the area. The BID and the assessments are created under two State laws:

1. The Parking and Business Improvement Act Law of 1989 allows business owners to assess themselves;
2. The Property and Business Improvement Law of 1994 allows owners of real property within a defined area to assess themselves; and
3. Both laws could be utilized to assess both business and property owners within a defined area.

Property and/or business owners within the defined area receive special services designed to improve the business climate of the area. The level and types of services are determined by the BID. Services may include, but are not limited to:

- parking facilities;
- security;
- maintenance;
- graffiti removal;
- street scape improvements;
- marketing;
- special events;
- seasonal decorations;
- sidewalk improvements;
- street lighting;
- decorations;
- trash receptacles; and
- fountains.

The goals of a business improvement district include, but are not limited to:

- increased pedestrian traffic for businesses;
- increased property values; and
- increased tax base for the City.

These benefits are realized through the variety of services provided, as well as guidance and support from the City.

Establishing a Business Improvement District

The City will make available materials explaining what a BID is, the difference between a tenant based and property owner based BID, as well as the advantages and disadvantages of each. These materials are considered background materials to assist BID proponents with the first steps of organizing a BID.

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2. Research completed which proves the community understands the way a BID works and how it affects the community;
3. A core advisory group which will take a leadership position on planning and forming the BID; and/or
4. A written proposal which documents how the community will raise the matching funds.

The Mayor's Office of Economic Development and the respective Council Office will provide a mechanism for evaluating community support for each BID to ensure the investment of seed money is responsibly granted to communities with a high chance of success in their BID efforts.

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Seed money will be allocated based on the successful completion of benchmarks proposed in the request for seed money. Payments of the required 15% match can parallel the allocation of seed money.

The City requires a minimum of a 15% match in cash or in-kind donations in order for the community to receive seed money from the City. The 15% match is 15% of the total amount proposed in the request for seed money. The match may be paid with the request for seed money or payments can match the allocation of seed money, as defined by benchmarks agreed upon by the community and the City. Matching grants will not be required for BIDs not requesting seed money from the City.

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City Council Adoption of the Business Improvement District

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The BID proponents must submit the following items to City Council in order to establish a BID:

- List of recommended individuals who will serve on the Advisory Committee;
- A description of the BID boundaries;
- The management plan including an assessment schedule, a budget, and a description of services and programs to be funded; and
- A petition signed by 20% of the business owners, for tenant based BIDs, or property owners paying 50% plus one of the assessed value of the property to be assessed, for property based BIDs. (20% of the business owners must sign the petition, but the City would like to see support from over 20% of the business owners by the time the BID goes to Council.)

In addition, if a BID proposes to supplement or make permanent improvements to public property, i.e., park benches, street lighting, trees, etc. the management plan should describe the mechanism for long-term maintenance, should the BID be disestablished.

Once the BID proponents submit the above materials, a preliminary hearing will be held before the City Council's Community and Economic Development Committee. The City will prepare the necessary report, including the draft Resolution of Intention and Notice to be mailed to all impacted businesses or property owners. The Committee, once it approves of the BID materials, will submit the BID to the full Council for the required hearings. The first hearing will be for the adoption of the Resolution of Intention to levy the BID assessment and to approve the Advisory Committee and management plan. The public meeting required by government code section 54954.6 can be combined with the hearing for the Resolution of Intention. The second hearing will be for adoption of the Assessment Ordinance, which also legally establishes the BID. The City will mail the required notices to all businesses and property owners that are to be assessed, announcing the date and time of the two hearings and attaching a copy of the Resolution of Intention.

At the second hearing, City Council will consider the written protests that have been submitted by the impacted community before adopting the Assessment Ordinance. If protests exceed more than 50% of the value to be assessed, no further proceedings can be undertaken for one year from the finding of the 50% protest. The City Council can proceed with the BID if the protest is less than 50%. However, BID proponents are cautioned that they should not expect a favorable vote from the City Council with a significant number of protests.

Operation of the BID

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BID assessments will be collected from business owners by the City Clerk and from property

owners by the County of Los Angeles. The City may advance funds for the first quarter of a new district so that the district can commence work prior to the collection of the assessments. The funds advanced will not exceed one quarter of the total assessment. The advanced funds will then be deducted from the first year's disbursement. New businesses moving into a BID during the year will be assessed a pro-rated amount for the months remaining in the year. In the instance of a tenant based BID, if a business is not in the district for the entire fiscal year, the business shall be assessed a pro-rated amount for the months it is in the district. Any funds remaining at the end of a fiscal year shall be spent at the discretion of the BID.

Incentives for BIDs

At the discretion of the Mayor's Office and respective Council member, BIDs located within a State of California established Revitalization Zone or a city designated Los Angeles Neighborhood Initiative area may be eligible for a rebate on business license fees. This rebate is reserved for economically disadvantaged areas. A business may receive up to a 100% rebate of it's BID assessment the first year, up to a 75% rebate the second year, up to a 50% rebate the third year, and up to a 25% rebate the fourth year. After the fourth year of operation, businesses will not be eligible for a rebate. One of the criteria for a rebate on business license fees is a high degree of support from the community. Each community should work with the Mayor's Office and Council Office to ensure adequate support and eligibility for business license rebates.

Renewals

A property based BID can be established for a period of up to five years. A business based BID can only be established for one year before it must go through the formal renewal process. The annual renewal requirement for a business based BID requires the BID to come to the City to initiate the renewal process well in advance of the start of the second year to ensure there will not be a break in assessment funding.

Disestablishment

A BID may be disestablished if:

1. Misappropriation of funds, malfeasance, or a violation of law in connection with the management of the BID;
2. Majority Protest; and/or
3. In the instance of a tenant based BID, disestablishment for any reason upon the action of the City Council to adopt an Ordinance.

If there are funds remaining at the end of a fiscal year, but the district is disestablished, the remaining funds shall be used first to pay any outstanding City costs. The remainder, if any, shall be returned on a pro-rata basis to the business/property owners which are still within the former district's boundaries.

Reimbursement of City Funds

In the instances of a tenant based BID, the City shall recover the actual salaries of the City staff involved in the billing and administration of the district and the salaries of their immediate supervisors. The City will provide for each tenant based BID a realistic estimate of these costs in advance of billing, as well as an accounting of the actual time spent once the BID has been billed. City overhead will not be recovered. The cost of collection of delinquencies shall be borne by the penalty assessed for late payments.



CITY HALL
LOS ANGELES, CALIFORNIA 90012
(213) 847-2489

OFFICE OF THE MAYOR

RICHARD J. RIORDAN
MAYOR

September 13, 1996

Honorable Members of the City Council
c/o City Clerk
Room 395 City Hall

Re: **Proposed "Citywide Business Improvement District (BID) Policy"**

Honorable Members:

The Mayor's Office of Economic Development and Council Member Mike Hernandez hereby submit this joint transmittal for consideration by the Community and Economic Development Committee for a proposed "Citywide Business Improvement District (BID) Policy and Implementation Guidelines".

A BID is a geographically-defined area in which business or property owners have agreed to assess themselves for additional services designed to improve the business climate of the area. BIDs may promote increased pedestrian traffic for local business activity and cleaner and safer communities, as well as provide an increased tax base for the City. BID services include streetscape programs, clean and safe programs, graffiti abatement, marketing, holiday decoration promotions, and other programs developed for each community to improve the local environment.

The Business Improvement District Policy was developed by an Interdepartmental Task Force to facilitate and guide the development of BIDs throughout the City. The Task Force is made up of representatives from the following:

- City Council
- Mayor's Office of Economic Development
- Chief Legislative Analyst
- City Attorney's Office
- City Clerk's Office
- Community Development Department
- Community Redevelopment Agency
- Planning Department.

Honorable City Council Members
September 13, 1996
Page 2

The Policy will provide guidelines for establishing and administering BIDs in a consistent manner. The City Council has already assisted with the development of over 30 potential BIDs throughout the City. This Policy seeks to develop standards and define a process for BID proponents. In addition, the Policy and Guidelines delineate certain standards and benchmarks which will greatly contribute to the overall success of the City's BID programs.

RECOMMENDATION:

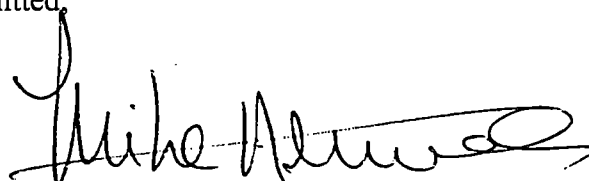
The Mayor's Office of Economic Development and Council Member Mike Hernandez hereby request that the City Council:

1. Accept and approve the "Citywide Business Improvement District (BID) Policy and Implementation Guidelines"; and
2. Instruct the Mayor's Office of Economic Development to continue meeting with the Interdepartmental BID Task Force in order to ensure that other administrative duties are assigned to appropriately support this policy.

Respectfully submitted,



Richard J. Jordan
Mayor



Council Member Mike Hernandez
Chair, Community & Economic
Development Committee

cc: Interdepartmental BID Task Force

**City of Los Angeles
Business Improvement Districts
Policy and Implementation Guidelines**

Introduction

This policy seeks to establish guidelines for groups interested in establishing a Business Improvement District (BID) in the City of Los Angeles. The policy is a result of experience both within the City, as well as from the thousands of BIDs already in operation throughout the U.S. In this context, the policy supports business and property owners in their efforts to develop cooperative agreements aimed at improving the property values, employment base, and profitability of local communities.

The City of Los Angeles recognizes the importance of fostering public-private partnerships to restore and maintain the health and vitality of Los Angeles' neighborhoods. The City will actively assist groups interested in establishing Business Improvement Districts throughout the City by providing City staff and funding resources to guide groups through the process. The purpose of this policy is to provide guidelines to establish and administer BIDs within the City. The City recognizes the benefits of BIDs, as well as the unique and varied needs of the potential BIDs throughout Los Angeles.

City BID Task Force to Assist BID Proponents

The City has created a BID Interdepartmental Task Force to facilitate the development of BIDs and help guide and direct BID policy. This Task Force will report to the Community and Economic Development Committee and the Budget and Finance Committee. The Task Force is comprised of representatives from the following offices and departments:

- City Council
- Mayor's Office of Economic Development
- Building and Safety
- Chief Legislative Analyst;
- City Attorney's Office;
- City Clerk's Office;
- Community Development Department;
- Community Redevelopment Agency;
- Planning Department;
- Public Works; and
- Transportation Department.

The City Council has requested the Mayor's Office of Economic Development coordinate the city's BID Task Force, as well as serve as the central coordinating office to guide BIDs through the establishment process. The Mayor's Office will work closely with each department as well as the respective council offices to ensure a BID's success.

What is a Business Improvement District?

A business improvement district is a geographically defined area in which businesses or property owners have agreed to assess themselves for additional services designed to improve the business climate of the area. The BID and the assessments are created under two State laws:

1. The Parking and Business Improvement Act Law of 1989 allows business owners to assess themselves;
2. The Property and Business Improvement Law of 1994 allows owners of real property within a defined area to assess themselves; and
3. Both laws could be utilized to assess both business and property owners within a defined area.

Property and/or business owners within the defined area receive special services designed to improve the business climate of the area. The level and types of services are determined by the BID. Services may include, but are not limited to:

- parking facilities;
- security;
- maintenance;
- graffiti removal;
- street scape improvements;
- marketing;
- special events;
- seasonal decorations;
- sidewalk improvements;
- street lighting;
- decorations;
- trash receptacles; and
- fountains.

The goals of a business improvement district include, but are not limited to:

- increased pedestrian traffic for businesses;
- increased property values; and
- increased tax base for the City.

These benefits are realized through the variety of services provided, as well as guidance and support from the City.

Establishing a Business Improvement District

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J. MICHAEL CAREY
CITY CLERK

CITY OF LOS ANGELES
CALIFORNIA



RICHARD J. RIORDAN
MAYOR

OFFICE OF THE
CITY CLERK
ROOM 395, CITY HALL
LOS ANGELES, CA 90012
(213) 485-5708
FAX (213) 237-0636

96-1972

October 11, 1996

COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE

In accordance with Council Rules, joint communication from the Mayor's Office of Economic Development and Council Member Mike Hernandez relative to a proposed "Citywide Business Improvement District Policy", was referred on October 10, 1996, to the COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE.

J. Michael Carey

City Clerk
amm



**City of Los Angeles
Business Improvement Districts
Policy and Implementation Guidelines**

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October 24, 2016 Submitted Revised Version

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Assessments - The assessment formula should be fair and equitable, based on the unique service needs and character of the community. The assessments for each business and/or property must be based on benefits received from the services provided. The management plan should be written in sufficient detail to allow businesses/property owners to understand what services and activities will be funded. The assessment formula should be stated in terms that will allow the individual business/property owners to determine how much he/she will be assessed. The City will distribute examples of management plans, budgets, and assessment formulas. It is recommended that the BID Advisory Committee and their consultants work with the Mayor's Office of Economic Development and Council Office throughout this process. The City can then review proposed work and give feedback to the prospective BID, before the final "package" goes before Council.

City Council Adoption of the Business Improvement District

The Council process of BID submissions, protests, and resolutions shall be consistent with California Streets and Highways Code Section 36520 and 36620-36630 inclusive. Both property and business owner based BIDs are subject to these processes.

The BID proponents must submit the following items to City Council in order to establish a BID:

- List of recommended individuals who will serve on the Advisory Committee;
- A description of the BID boundaries;
- The management plan including an assessment schedule, a budget, and a description of services and programs to be funded; and
- A petition signed by 20% of the business owners, for tenant based BIDs, or property owners paying 50% plus one of the assessed value of the property to be assessed, for property based BIDs. (20% of the business owners must sign the petition, but the City would like to see support from over 20% of the business owners by the time the BID goes to Council.)

In addition, if a BID proposes to supplement or make permanent improvements to public property, i.e., park benches, street lighting, trees, etc. the management plan should describe the mechanism for long-term maintenance, should the BID be disestablished.

Once the BID proponents submit the above materials, a preliminary hearing will be held before the City Council's Community and Economic Development Committee. The City will prepare the necessary report, including the draft Resolution of Intention and Notice to be mailed to all impacted businesses or property owners. The Committee, once it approves of the BID materials, will submit the BID to the full Council for the required hearings. The first hearing will be for the adoption of the Resolution of Intention to levy the BID assessment and to approve the Advisory Committee and management plan. The public meeting required by government code section 54954.6 can be combined with the hearing for the Resolution of Intention. The second hearing will be for adoption of the Assessment Ordinance, which also legally establishes the BID. The City will mail the required notices to all businesses and property owners that are to be assessed, announcing the date and time of the two hearings and attaching a copy of the Resolution of Intention.

At the second hearing, City Council will consider the written protests that have been submitted by the impacted community before adopting the Assessment Ordinance. If protests exceed more than 50% of the value to be assessed, no further proceedings can be undertaken for one year from the finding of the 50% protest. The City Council can proceed with the BID if the protest is less than 50%. However, BID proponents are cautioned that they should not expect a favorable vote from the City Council with a significant number of protests.

Operation of the BID

Once a BID is formally established, the Advisory Committee must designate a "service provider" to contract with the City and provide services. The City will only enter into a contract with a legally formed California non-profit organization. The City Council will also appoint an Advisory Board for the BID. This body serves as an oversight committee, reporting annually to Council that the service provider is providing services efficiently and in accord with the specifications of the management plan. The Advisory Board also provides annual reports as set forth in California Street and Highways Code Section 36533 and 36633.

BID assessments will be collected from business owners by the City Clerk and from property

owners by the County of Los Angeles. The City may advance funds for the first quarter of a new district so that the district can commence work prior to the collection of the assessments. The funds advanced will not exceed one quarter of the total assessment. The advanced funds will then be deducted from the first year's disbursement. New businesses moving into a BID during the year will be assessed a pro-rated amount for the months remaining in the year. In the instance of a tenant based BID, if a business is not in the district for the entire fiscal year, the business shall be assessed a pro-rated amount for the months it is in the district. Any funds remaining at the end of a fiscal year shall be spent at the discretion of the BID.

Incentives for BIDs

At the discretion of the Mayor's Office and respective Council member, BIDs located within a State of California established Revitalization Zone or a city designated Los Angeles Neighborhood Initiative area may be eligible for a rebate on business license fees. This rebate is reserved for economically disadvantaged areas. A business may receive up to a 100% rebate of its BID assessment the first year, up to a 75% rebate the second year, up to a 50% rebate the third year, and up to a 25% rebate the fourth year. After the fourth year of operation, businesses will not be eligible for a rebate. One of the criteria for a rebate on business license fees is a high degree of support from the community. Each community should work with the Mayor's Office and Council Office to ensure adequate support and eligibility for business license rebates.

Renewals

A property based BID can be established for a period of up to five years. A business based BID can only be established for one year before it must go through the formal renewal process. The annual renewal requirement for a business based BID requires the BID to come to the City to initiate the renewal process well in advance of the start of the second year to ensure there will not be a break in assessment funding.

Disestablishment

A BID may be disestablished if:

1. Misappropriation of funds, malfeasance, or a violation of law in connection with the management of the BID;
2. Majority Protest; and/or
3. In the instance of a tenant based BID, disestablishment for any reason upon the action of the City Council to adopt an Ordinance.

If there are funds remaining at the end of a fiscal year, but the district is disestablished, the remaining funds shall be used first to pay any outstanding City costs. The remainder, if any, shall be returned on a pro-rata basis to the business/property owners which are still within the former district's boundaries.

Reimbursement of City Funds

In the instances of a tenant based BID, the City shall recover the actual salaries of the City staff involved in the billing and administration of the district and the salaries of their immediate supervisors. The City will provide for each tenant based BID a realistic estimate of these costs in advance of billing, as well as an accounting of the actual time spent once the BID has been billed. City overhead will not be recovered. The cost of collection of delinquencies shall be borne by the penalty assessed for late payments.

**City of Los Angeles
Business Improvement Districts
Policy and Implementation Guidelines**

Introduction

This policy seeks to establish guidelines for groups interested in establishing a Business Improvement District (BID) in the City of Los Angeles. The policy is a result of experience both within the City, as well as from the thousands of BIDS already in operation throughout the U.S. In this context, the policy supports business and property owners in their efforts to develop cooperative agreements aimed at improving the property values, employment base, and profitability of local communities.

The City of Los Angeles recognizes the importance of fostering public-private partnerships to restore and maintain the health and vitality of Los Angeles' neighborhoods. The City will actively assist groups interested in establishing Business Improvement Districts throughout the City by providing City staff and funding resources to guide groups through the process. The purpose of this policy is to provide guidelines to establish and administer BIDs within the City. The City recognizes the benefits of BIDs, as well as the unique and varied needs of the potential BIDs throughout Los Angeles.

City BID Task Force to Assist BID Proponents

The City has created a BID Interdepartmental Task Force to facilitate the development of BIDs and help guide and direct BID policy. This Task Force will report to the Community and Economic Development Committee and the Budget and Finance Committee. The Task Force is comprised of representatives from the following offices and departments:

- City Council
- Mayor's Office of Economic Development
- Building and Safety
- Chief Legislative Analyst;
- City Attorney's Office;
- City Clerk's Office;
- Community Development Department;
- Community Redevelopment Agency;
- Planning Department;
- Public Works; and
- Transportation Department.

The City Council has requested the Mayor's Office of Economic Development coordinate the city's BID Task Force, as well as serve as the central coordinating office to guide BIDs through the establishment process. The Mayor's Office will work closely with each department as well as the respective council offices to ensure a BID's success.

See 10/24/96 revision

What is a Business Improvement District?

A business improvement district is a geographically defined area in which businesses or property owners have agreed to assess themselves for additional services designed to improve the business climate of the area. The BID and the assessments are created under two State laws:

1. The Parking and Business Improvement Act Law of 1989 allows business owners to assess themselves;
2. The Property and Business Improvement Law of 1994 allows owners of real property within a defined area to assess themselves; and
3. Both laws could be utilized to assess both business and property owners within a defined area.

Property and/or business owners within the defined area receive special services designed to improve the business climate of the area. The level and types of services are determined by the BID. Services may include, but are not limited to:

- parking facilities;
- security;
- maintenance;
- graffiti removal;
- street scape improvements;
- marketing;
- special events;
- seasonal decorations;
- sidewalk improvements;
- street lighting;
- decorations;
- trash receptacles; and
- fountains.

The goals of a business improvement district include, but are not limited to:

- increased pedestrian traffic for businesses;
- increased property values; and
- increased tax base for the City.

These benefits are realized through the variety of services provided, as well as guidance and support from the City.

Establishing a Business Improvement District

The City will make available materials explaining BIDs, the difference between a tenant based and property owner based BID, as well as the advantages and disadvantages of each. These materials are considered background materials to assist BID proponents with the first steps of organizing a BID.

Role of the BID proponents - The proponents of the BID must be prepared to take an active role in the development of the BID. The City requires that the proponents, at the time of submission of a formal BID petition, be an organization within the business community that can enter into contracts with the City. The proponents must lead the BID effort and provide guidance and leadership within the business community to ensure the highest probability for success of the BID. The organization should establish a "core group" or *Advisory Committee* that can work with the City to actively develop the BID. If seed money is requested from the City, the Advisory Committee will be responsible for securing matching funds either through grants, donations, or in-kind contributions.

Generating Community Support - The proponents of a BID must initially demonstrate that the businesses and/or property owners have an interest in the formation of a BID. The City highly recommends this "grass roots" involvement of business and/or property owners, as it has proven to be an essential ingredient to the success of a BID. In addition, the City will not grant seed money until adequate community support has been documented. Community support could include:

1. Petitions signed by a significant number of the affected community;
2. Research completed which proves the community understands the way a BID works and how it affects the community;
3. A core advisory group which will take a leadership position on planning and forming the BID; and/or
4. A written proposal which documents how the community will raise the matching funds.

The Mayor's Office of Economic Development and the respective Council Office will provide a mechanism for evaluating community support for each BID to ensure the investment of seed money is responsibly granted to communities with a high chance of success in their BID efforts.

Funding for Consultants - City funding is available to hire a consultant to assist with the development of a BID, as long as the City has funds available for this assistance. The consultant's role is to work with the BID proponents, document community support, and develop a management plan for the BID. The amount of seed money granted depends on the scale, size, and complexity of the proposed BID. The request for seed money should not exceed \$75,000. Typical requests have ranged from \$15,000-\$30,000.

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