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March 15, 2022

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

Council District 9, 14

REGARDING: THE GREATER SOUTH PARK BUSINESS IMPROVEMENT DISTRICT (PROPERTY BASED) RENEWAL

Honorable Members:

The City Clerk has received materials relative to the re-formation of a proposed property and business improvement district to be called the Greater South Park Business Improvement District ("District"). The District would be formed pursuant to the provisions of the Property and Business Improvement District Law of 1994 (Section 36600 et seq., Streets and Highways Code, State of California).

This report shall serve as the Preliminary Report of the City Clerk. Attached to this report are: 1) the Management District Plan, which details the improvements and activities to be provided and serves as the framing document for the proposed District; 2) a detailed Engineer's Report prepared by a registered professional engineer certified by the State of California, which supports the assessment contained in the Management District Plan; and 3) a draft Ordinance of Intention, approved as to form and legality by the Office of the City Attorney.

BACKGROUND

The District was originally established through adoption of City Ordinance 176132 on August 4, 2004, and started its operational term on January 1, 2005; its second operational term began on January 1, 2008; its third operational term on January 1, 2013; its fourth operational term on January 1, 2018, and is set to expire on December 31, 2022. The proponents propose to renew the District for a 7-year term beginning January 1, 2023 and ending December 31, 2029.

The proposed District is being established in accordance with the provisions of the Property and Business Improvement District Law of 1994 (Section 36600 et seq., Streets and Highways Code, State of California) (State Law), which allows for the establishment of a district in which

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operations would be supported by revenue collected from property owners in the district. The State Law allows for business improvement districts to renew by completing the same formation steps as the original establishment. This District is being reestablished in accordance with the provisions of State Law, which allows for the establishment of a district in which operations would be supported by revenue collected from property owners in the district.

PRELIMINARY PETITIONS

In order to proceed with the establishment process under the State Law, the proponent group needed to secure written support for the project in the form of petitions signed by property owners who will pay more than 50% of the assessments proposed to be levied. The proponent group for the proposed District, the Century City Property Owners Association, has presented to the Office of the City Clerk a set of petitions that support the formation of the proposed District. This Office has verified the validity of the petitions using various City and County of Los Angeles sources. In addition, this Office has verified the accuracy of the assessment calculations.

The petitions received indicate affirmative financial support of the project in an amount equivalent to $1,891,026.99. This represents 50.75% of the proposed District's projected first year assessment revenue of $3,685,181.07. Because the more than 50% threshold of preliminary support has been achieved, the formal business improvement district establishment process, including a public hearing before the City Council, may be initiated.

PROPOSED DISTRICT BOUNDARIES

The boundaries of the proposed District are detailed in the Management District Plan. A general description of the area within the boundaries of the proposed District is bounded roughly by James M. Wood Boulevard/9th Street/Olympic Boulevard, Broadway, 10 Freeway/17th Street and 110 Freeway. All property within the approximate boundaries described above is included in the proposed District.

There are 2,174 parcels owned by 1,474 stakeholders in the proposed District. The map included in the District's Management District Plan gives sufficient detail to locate each parcel of property within the proposed District.

DISTRICT ESTABLISHMENT AND PROPOSITION 218 COMPLIANCE

Article XIIID of the California Constitution (Proposition 218) requires, among other things, that the City Council: 1) identify all parcels that will have a special benefit conferred upon them and upon which assessments will be imposed; 2) determine the proportionate special benefit derived by each identified parcel in relation to the entirety of the capital cost of the property related service; 3) not impose an assessment on a parcel which exceeds the reasonable cost of the proportional benefit conferred on that parcel; 4) assess only for special benefits and separate the general benefits from the special benefits conferred on a parcel; 5) assess all publicly owned parcels unless City Council finds, by clear and convincing evidence, that those

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publicly owned parcels receive no special benefit; and 6) find that all assessments are supported by a detailed Engineer's Report prepared by a registered professional engineer certified by the State of California.

The City Clerk has read and approves the Engineer's Report included herewith, as supporting the assessments contained in the Management District Plan and, in addition, includes facts, which would support City Council findings relative to items 1 through 6 below. The City Clerk has read and approves the Management District Plan.

Proposition 218 also includes certain notice, protest and hearing requirements. Those requirements are codified in the Proposition 218 Omnibus Implementation Act ("Act")(California Government Code Section 53750 et seq.). This report recommends that the City Council direct the City Clerk to comply with the Act. Establishment of the proposed District is contingent upon the City's receipt of a weighted majority of financially supportive ballots as submitted by the affected property owners. The City Clerk will tabulate the ballot returns and will report the results to the City Council.

EXEMPTION UNDER PROPOSITION 26

On November 2, 2010, voters in the State of California passed Proposition 26, which broadened the definition of taxes and which require approval by two-thirds of each house of the Legislature or by local voter approval. However, Article XIIIC §1(e)(7) of the California Constitution states that, "assessments and property-related fees imposed in accordance with the provisions of Article XIIID are exempt." As previously stated, the proposed District is being established in accordance with Article XIIID of the California Constitution and is therefore exempt from Proposition 26.

PROPOSED IMPROVEMENTS AND PROGRAMS

It is expected that the District will generate $30,383,932.14 over a seven-year period with a maximum increase of between 0% and 5% for a given year in accordance with the Management District Plan, to be determined by the Owners' Association. Any adjustment will be included in the Annual Planning Report submitted for Council consideration. The revenue will be utilized to fund the proposed District's improvements and activities that include, but are not limited to: Clean & Safe Programs, Marketing & District Identity, and Administration & Management.

Improvements and activities are services which will be provided to supplement the services already provided by the City of Los Angeles and will not supplant City services. The Owners' Association may contract with third party vendors to perform and complete District improvements and activities and uphold to City and State regulations where applicable. The proposed improvements and activities are completely separate from the day-to-day operations of the City of Los Angeles and the City is not involved with selection of the Districts' vendors.

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ASSESSMENT FORMULA AND DISBURSEMENTS

The District's proposed assessment formula is based upon an allocation of program costs among four (4) benefit zones and one (1) residential condominium zone and a calculation by parcel size in Zones 1, 3, and 4, square feet of building size in Zones 1, 3, 4, and residential condominium zone and front footage in Zones 1-4 as described in the Management District Plan.

The City Clerk will arrange to have the proposed District's assessments included as a line item on the property tax bills prepared and distributed by the County of Los Angeles. As necessary, this Office may directly bill property owners or entities that do not appear on the tax roll. The County will subsequently transfer assessment revenue to the City. Assessment revenue will be held in trust by the City and will be disbursed through installments to the District to support authorized District improvements and activities.

CONTRACTING WITH OWNERS' ASSOCIATION

Upon the establishment of the District, State Law requires that the City enter into an agreement with an Owners' Association for the administration of the District. City policy dictates that competitive bidding requirements are to be met when contracting. However, Charter Section 371(e)(2) and 371(e)(10) provide exceptions to the competitive bidding requirements, and states, in relevant part, that the competitive bidding process does not apply to contracts "for the performance of professional, scientific, expert, technical, or other special services of a temporary and occasional character" and "where the contracting authority finds that the use of competitive bidding would be undesirable, impractical or impossible or where the common law otherwise excuses compliance with competitive bidding requirements."

The South Park Stakeholders Group has administered the Greater South Park Business Improvement District since the District was originally established, overseeing expenditures, managing and implementing the District's improvements and activities. The South Park Stakeholders Group possesses the unique knowledge and expertise relative to the administration of the District and has a vested interest in the success of the District. Therefore, it would be impractical, not advantageous and undesirable to comply with the competitive bidding requirements or to select another entity to administer the District, if the District is renewed.

ASSESSABLE CITY PROPERTY

There are six (6) City-owned parcels within the District which includes five (5) General Fund parcels and one (1) Department of Water and Power parcel. The total assessment for these City-owned properties within the District is $167,695.96, representing 4.55% of the total assessments levied in the District.

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FISCAL IMPACT

The assessment levied on the five (5) City-owned parcels within the District to be paid from the General Fund total $164,049.53 for the first year of the District. Funding is available in the Business Improvement District Trust Fund 659 to pay the General Fund's share of assessments for the first operating year.

Proposition 218 requires the separation of general benefits from the special benefits. The general benefit portion for the Greater South Park Improvement District is $46,567.96 for the first year. However, funds other than assessment revenue must be budgeted annually for the general benefit expense for the remaining years of the BID's seven-year term.

RECOMMENDATIONS

1. FIND that the petitions submitted on behalf of the proponents of the proposed Greater South Park Business Improvement District are signed by property owners who will pay more than 50% of the assessments proposed to be levied.

2. FIND that all parcels included in the District will receive a special benefit from the improvements and activities that are to be provided.

3. FIND that all parcels as identified in the Management District Plan will have a special benefit conferred upon them and upon which an assessment would be imposed.

4. FIND that in accordance with Article XIIID of the California Constitution all assessments are supported by the Engineer's Report, prepared by a registered professional engineer certified by the State of California.

5. FIND that in accordance with Article XIIID of the California Constitution and based on the facts and conclusions contained in the attached Engineer's Report, the assessment levied on each parcel within the proposed District is proportionate to the special benefit derived from the improvements and activities that are to be provided.

6. FIND that in accordance with Article XIIID of the California Constitution and based on the facts and conclusions contained in the attached Engineer's Report, the engineer has separated the general from special benefits. The Engineer's Report identified general benefits in the amount of 1.25% to be separated from the special benefits conferred on parcels within the proposed District. The yearly general benefits cost must be paid from funds other than the assessments collected for the Greater South Park Business Improvement District. The general benefit cost for first year of operation is $46,567.96.

7. FIND that no publicly owned parcel is exempt from assessment.

8. FIND that the assessments for the proposed District are not taxes and that the District qualifies for exemption from Proposition 26 under exemption 7 of Article XIIIC §1(e).

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9. FIND that the services to be provided by the Owners' Association are in the nature of professional, expert, technical or other special services, that the services are of a temporary and occasional character, and that the use of competitive bidding would be impractical, not advantageous, undesirable or where the common law otherwise excuses compliance with competitive bidding requirements.

10. FIND that the proposed improvements and activities are completely separate from the day-to-day operations of the City of Los Angeles.

11. APPROVE the South Park Stakeholders Group to administer the Greater South Park Business Improvement District if the District is renewed.

12. ADOPT the Preliminary Report of the City Clerk.

13. ADOPT the attached Management District Plan.

14. ADOPT the attached Engineer's Report.

15. ADOPT the attached Ordinance of Intention to establish the Greater South Park Business Improvement District.

16. AUTHORIZE the City Clerk, upon establishment of the District, to prepare, execute and administer a contract between the City of Los Angeles and the South Park Stakeholders Group, a non-profit corporation, for the administration of the District's programs.

17. DIRECT the City Clerk to comply with the notice, protest, and hearing procedures prescribed in the Proposition 218 Omnibus Implementation Act (California Government Code, Section 53750 et seq.).

18. REQUEST the City Attorney, with the assistance of the City Clerk, to prepare an enabling Ordinance establishing the Greater South Park Business Improvement District for City Council consideration at the conclusion of the required public hearing.

Sincerely,

Signed with ClerkSign
Mar 15, 2022 2:48PM

Holly L. Wolcott
City Clerk

HLW:PFS:PYL:cg

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Attachments:

Management District Plan
Engineer's Report
Draft Ordinance of Intention

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