

Historic Core

A Los Angeles Property-Based Business
Improvement District

Management District Plan Summary*

February 28, 2023

*The complete Management District Plan and Engineer's Report may be found online at:
historiccore.com/renewal
or by calling the BID office to request a hard copy: 213-488-1901

Prepared by



1 Management District Plan Summary

Name of District: The name of the District is the *Historic Core Business Improvement District* (hereinafter the "District"), located in the City of Los Angeles. The District is being renewed pursuant to Section 36600 et seq. of the California Streets and Highways Code, The "Property and Business Improvement District Law of 1994 as amended," hereinafter referred to as State Law.

The Historic Core BID Management District Plan is proposed to improve and convey special benefits to the identified assessed parcels within the District. The programs and services that the District will provide are outlined briefly on p. 4, and in more detail on p. 12 of the Management District Plan. Each of its programs and services are specifically designed to benefit each identified assessed parcel in the District as described in the Service & Improvement Plan on p. 12. The District has provided services to its assessed property owners since 1998. The top priority for the renewed District remains the "clean and safe" programming. The second priority for the District is communications and development (website, database, newsletters, media relations and other marketing and business attraction and retention efforts.) The third priority is administration and corporate operations. A highly professional, full-time management team is viewed as essential to the implementation and oversight of all other priorities. These priorities are reflected in the budget for the identified assessed parcels in the District. These priorities have been comprehensively reassessed upon each renewal of the District, but have largely remained the same over time.

Type of District: Renewal of the Historic Core BID, a Property-Based BID. The District sunsets on December 31, 2023 and has determined to renew.

Duration: The District shall have a five (5) year term beginning January 1, 2024 and ending December 31, 2028, unless renewed by a new vote of the property owners. If not renewed, or otherwise terminated, any unused funds shall be returned to the property owners in a pro-rata share, in accordance with Streets and Highways Code section 36671.

Implementation Timeline: The District is expected to begin services on January 1, 2024. If the District is not renewed, services will sunset on December 31, 2028.

Boundaries: The Historic Core BID, a Property-Based BID is centrally located within Downtown Los Angeles, and is bounded by three other existing Business Improvement Districts (BIDs): the Downtown Center BID, the Greater South Park BID and the Los Angeles Fashion District BID. The proposed renewed District generally includes all properties between 4th Street on the north, Olympic Boulevard on the south, an irregular western boundary formed principally by the Downtown Center BID (another property-based BID that was formed in the same year as this

District,) and an irregular eastern boundary formed principally by the western boundary of the Los Angeles Fashion District BID (another property-based BID that was formed prior to the establishment of this District.) The renewed District will include portions of the north-south corridors along Hill Street, Broadway, Spring Street, Main Street, Los Angeles Street, Maple Avenue and Wall Street, and portions of the east-west corridors along 4th Street, 5th Street, 6th Street, 7th Street, 8th Street, 9th Street, and Olympic Boulevard. See boundaries and boundary rationale (p. 10) and map (p. 9) for further detail. State Law and State Constitution Article XIID require that special assessments be levied according to the special benefit each assessed parcel receives from the improvements. The District has only one benefit zone. The District has established one assessment methodology for residential condominiums, and another assessment methodology for all other parcels.

Governance: The City shall contract with a non-profit Owners Association to manage the District and implement this plan. The Owners' Association will review and approve the District budget, policies and operational plans. They shall hire and oversee all staff and/or contractors charged with the execution of services to the District. Annual and quarterly reports, newsletters and independent financial statements will be submitted to the City according to a calendar established by the Office of the Los Angeles City Clerk, Neighborhood & Business Improvement District Division.

Definition of Special and General Benefits: As stipulated by State Constitution Article XIID, assessment district programs and activities confer a combination of general and special benefits to identified assessed parcels, but the only program benefits that can be assessed are those that provide special benefit to the identified assessed properties. A "general benefit" is defined as: "A benefit to properties in the area and in the surrounding community or benefit to the public in general resulting from the improvement, activity, or service to be provided by the assessment levied." A "special benefit" as defined by the California State Constitution means a distinct benefit over and above general benefits conferred on real property located in the District. Special and general benefits are defined and discussed in greater detail in the Quantitative Benefit Analysis beginning on p. 5 of the Engineer's Report.

Service & Improvement Plan: The service and improvement plan for the District, totaling \$3,302,691 (Special + General Benefit Costs), has four budget categories, broken out as follows:

<i>Clean & Safe Programs</i>	<i>71%</i>
<i>\$2,344,910 (Special + General Benefit Costs)</i>	
Examples include: bicycle, vehicular or foot patrols, security camera installation and/or maintenance, sidewalk sweeping, pressure washing, landscaping, trash removal, beautification, graffiti/poster/sticker/gum removal and other related activities or special projects	

Administration & Corporate Operations 15%

\$495,403 (Special + General Benefit Costs)

Examples include: Personnel costs, city fees, formation costs, legal, accounting, insurance, office space, office supplies and equipment

Communications & Development 7%

\$231,189 (Special + General Benefit Costs)

Examples include: Website, newsletter, promotional efforts, outreach programs, events for residents or small businesses

4) *Contingency Reserve & Delinquencies* 7%

\$231,189 (Special + General Benefit Costs)

Examples include: Contingency funds (for variable or unknown costs) and reserves sufficient to cover slow pay of privately or publicly owned parcel assessments

Budget: The total Year 1 (2024) budget (Special + General Benefit Costs) for the District is \$3,302,691. Property assessments shall fund \$3,236,637; non-assessment revenue is \$66,054.

Budget Totals Year 1 (2024) thru Year 5 (2028) – Special + General Benefit Costs
(assessment and non-assessment revenues)

YEAR	PROGRAM CATEGORY	SPECIAL BENEFIT ASSESSMENT COSTS	GENERAL BENEFIT NON-ASSESSMENT COSTS	TOTAL ADJUSTED COSTS	% OF TOTAL
1	Clean & Safe	\$2,298,012	\$46,898	\$2,344,910	71%
2024	Administration & Operations	\$485,495	\$9,908	\$495,403	15%
	Communications & Development	\$226,565	\$4,624	\$231,189	7%
	Contingency Reserve & Delinquencies	<u>\$226,565</u>	<u>\$4,624</u>	<u>\$231,189</u>	<u>7%</u>
	Total	\$3,236,637	\$66,054	\$3,302,691	100%
2	Clean & Safe	\$2,481,853	\$50,650	\$2,532,503	71%
2025	Administration & Operations	\$524,335	\$10,701	\$535,036	15%
	Communications & Development	\$244,690	\$4,994	\$249,684	7%
	Contingency Reserve & Delinquencies	<u>\$244,690</u>	<u>\$4,994</u>	<u>\$249,684</u>	<u>7%</u>
	Total	\$3,495,568	\$71,339	\$3,566,907	100%

3	Clean & Safe	\$2,680,401	\$54,702	\$2,735,103	71%
2026	Administration & Operations	\$566,282	\$11,557	\$577,839	15%
	Communications & Development	\$264,265	\$5,394	\$269,659	7%
	Contingency Reserve & Delinquencies	<u>\$264,265</u>	<u>\$5,394</u>	<u>\$269,659</u>	<u>7%</u>
	Total	\$3,775,213	\$77,047	\$3,852,260	100%
4	Clean & Safe	\$2,894,833	\$59,078	\$2,953,911	71%
2027	Administration & Operations	\$611,585	\$12,482	\$624,067	15%
	Communications & Development	\$285,406	\$5,826	\$291,232	7%
	Contingency Reserve & Delinquencies	<u>\$285,406</u>	<u>\$5,826</u>	<u>\$291,232</u>	<u>7%</u>
	Total	\$4,077,230	\$83,212	\$4,160,442	100%
5	Clean & Safe	\$3,126,420	\$63,804	\$3,190,224	71%
2028	Administration & Operations	\$660,512	\$13,481	\$673,993	15%
	Communications & Development	\$308,238	\$6,292	\$314,530	7%
	Contingency Reserve & Delinquencies	<u>\$308,238</u>	<u>\$6,292</u>	<u>\$314,530</u>	<u>7%</u>
	Total	\$4,403,408	\$89,869	\$4,493,277	100%

* The above tables assume the maximum possible annual assessment increase of 8%. Actual annual increase may be less. 2% of the total budget shall be generated from non-assessment source(s.)

Other Budget Provisions: The District Owners’ Association shall have the right to reallocate up to 10% of the budget allocation within the budgeted categories. Changes will be discussed and approved at public meetings held by the District Owners’ Association Board of Directors. Any accrued interest or delinquent payments will be expended in accordance with this Management District Plan within any budget category. The overall budget shall remain consistent with this Management District Plan.

Land use changes or improvements to properties (construction, demolition, etc.) during the life of the District can also increase or reduce the District’s total assessment revenue. Any changes will be made in accordance with City and State laws.

Assessments may be adjusted annually, but any increase shall not exceed 8% commensurate with special benefits received by identified assessed parcels. Increases are not automatic, and may not occur in any given year. Any annual increase shall be commensurate with special

benefits received, and require a vote by the District Owners' Association Board of Directors, and shall be stipulated in the District's Annual Planning Report submitted to the City.

Annual budget surpluses can occur due to circumstances outside the District's direct control, or deliberately to accrue funds for certain projects. Situations such as the following (and others not enumerated here) can and do occur:

- 1) The vendor has a smaller labor pool due to the current job market challenges and therefore cannot staff the District to the budgeted hours in each category or project;
- 2) The District/vendor are waiting for required training, required equipment, required City clearances, or other circumstances over which they exercise partial/limited control;
- 3) The District experiences unforecasted rises in costs, e.g. minimum wage increases, a change in vendor-offered benefits, supply cost increases, or new legislation that alters costs or the timing of costs;
- 4) The District is deliberately accruing funds over multiple years to undertake complex project (e.g. a streetscape improvement, designing and installing a security camera system, or support for a new promotional event in the district, etc.)

If such surplus funds exist, they shall be identified in the Annual Planning Report that the District reviews and submits to the City for review and approval. The District shall explain the source of the funds, as well as how and when the District plans to expend them. Surplus funds will only be expended on activities or projects outlined in the Service & Improvement Plan that begins on p. 11 of this Management District Plan. Other surplus funds rolled over from year to year shall not exceed 10% and shall be expended within the budget categories in which they accrued. Prior year expenses (invoices) paid in the following year, shall not be deemed part of a surplus/rollover.

Available rollover funds shall also be considered when determining the annual rate of increase (if any), and remain commensurate with special benefits to identified assessed parcels. If the District expires with a surplus, funds may be rolled over into a renewed or reformed District if established, but shall only be expended on those identified assessed parcels that were assessed in the original District; if none is established, the surplus shall be returned, on a pro rata basis, to each property owner in the District, in accordance with State law.

As of this writing (February 2023) the District anticipates a rollover of approximately \$320,000 to the new District term (2024-2028) to be able to cover all service plan costs until funds are disbursed for the new District term. This will ensure continuous service coverage and the ability to timely pay its vendors.

In the calculation of assessments, frontage, lot and building measurements are rounded to the nearest whole number. The overall budget, budget categories and assessments are rounded to the nearest cent.

Method of Financing: A levy of special assessments shall be made upon real property that receives special benefits from the improvements and activities described within this plan.

Assessment Methodology: All identified assessed commercial, government and publicly owned parcels shall be assessed as follows:

YEAR 1 (2024) ASSESSMENT RATES				
PARCEL TYPE	BLDG AREA ASSMT RATE (\$/SF)	R-CONDO BLDG AREA ASSMT RATE (\$/SF)	LAND AREA ASSMT RATE (\$/SF)	STREET FRONTAGE ASSMT RATE (\$/LF)
All Other Parcels	\$0.0825	\$0.4292	\$0.2264	\$40.7239
Publicly Owned Parcels Not Assessed for Communication & Development	\$0.0750	\$0.0000	\$0.2059	\$37.0588

Residential condominiums are assessed at a rate of \$0.4292/sf only; frontage and lot are not factors. All other identified assessed parcels, including commercial condominiums, have an assessment that is calculated as follows: Lot SF x Lot Rate + Building SF x Building Rate + Frontage LF x Frontage Rate = Total Assessment.

District Formation Requirements: In order to form the District, property owners shall present favorable petitions representing more than 50% of the total assessments listed in the Assessment Roll. Once presented and verified, a ballot procedure shall occur pursuant to CA Proposition 218.

2a Boundary: Map (next page)

**Historic Core
Business Improvement District (BID)
2024-2028**

