

CITYWIDE BUSINESS IMPROVEMENT DISTRICT PROGRAM

DISTRICT FORMATION ACTIVITY GUIDELINES

The Citywide Business Improvement District (BID) Program, as developed by the City of Los Angeles and pursuant to all pertinent state legislation, may be divided into three basic stages: Stage One, which consists of necessary tasks and activities is referred to as the Formation Stage; Stage Two, which consists of the required meetings, hearings and support tabulation is referred to as the Establishment Stage; and Stage Three, which consists of contractual, organizational and programming activities is referred to as the Operational or Administrative Stage. This document will serve to summarize each of the three stages. The Administrative Services Division of the Office of the City Clerk is preparing a more comprehensive guide to the investigative, legislative and administrative processes involved in formation, establishment and administration.

STAGE ONE: FORMATION

The preliminary procedures for business improvement district formation are described below. Certain procedures are applicable in all situations and certain elements are common to all business communities. However, it is important to keep in mind the fact that each and every proposed district possesses unique characteristics. This is where customizing the project becomes necessary and, historically, this is also when a consultant is hired to package the project. The following information should be considered as a summary.

1. An individual, or a group of individuals ("proponent group"), or a Councilmember, desires to investigate the possibility of establishing a BID in a given area. A Motion is prepared, presented and adopted which directs the City Clerk's Office to work with the proponent group. City Clerk staff contacts the group. City Clerk staff supplies reports, data, videotapes and other information to the group in order to educate them and to ascertain if a BID is the correct vehicle for the situation. City Clerk staff assistance is also provided in the form of presentations and on-site meetings. If a BID is determined to be appropriate, the process continues.

2. The available finances to fund the preliminary stages of BID formation are explored. If the proponent group is undercapitalized, City funding may be requested and the process as outlined in the City's BID Policy document is generally followed. If the proponent group possesses sufficient capital, a consultant may be hired directly by the proponent group. Alternately, costs may be shared between the City and the proponent group.

Note that the main functions of a consultant are: to organize the proponent group and business community by using statistical, research and marketing techniques and strategies including focus groups, questionnaires, telephone surveys and community information meetings; to quantify, prioritize, prepare and present a documented array of services, activities, programs and improvements including a range of associated costs; to construct a membership database of the proposed BID members; to design an appropriate assessment formula; to identify key stakeholders and recommend individuals capable and willing to serve in an Advisory Board capacity; to develop a nonprofit management entity as necessary to manage affairs of the established district including performing incorporation procedures as required; and, to package the project for delivery to the City Clerk's Office. In addition, many community organizations find it prudent to retain professional services after the BID is established in order to guide the fledgling district and service provider through its initial operating stages.

If the proponent group is undercapitalized but does not wish to receive support funding, it is of course possible to form a district without a hired consultant. In this situation, the group must perform the focus group interviews, the telephone and mail surveys, the prioritizing of proposed BID projects, the cost estimates, the RFP process for security and maintenance cost identification, the database development and the budget construction. In order to successfully complete these steps without a consultant, the group should be well-organized and at some stage of consensus regarding the overall project objectives. The group will receive

guidance from staff in each of these areas. In this scenario, City Clerk staff members may serve informally as the consultant and assist with the tasks as outlined.

The consultant (or the proponent group), subsequent to achieving a basic consensus and support for the new BID, then performs the required field work and obtains supporting petitions from those who would pay the assessment: at least 15% of the business owners or more than 50% of the property owners must sign supporting petitions; these petitions become part of the preliminary package.

3. The proposed package is presented to the City Clerk's Office for plan evaluation and technical review. The work program, the schedule of activities, the ratio of expenses to service activities allocations, the budget, and the assessment methodology are reviewed in the Special Assessments Unit. Verification of petitions is also performed at this time. Legal issues are discussed with the City Attorney. Normally, certain programs, activities, budget elements and the contents of the management plan are negotiated and modified during this review. After the review is completed and the package is recommended for approval, City Clerk staff prepare a report which summarizes key points and outlines the procedural steps required to consider establishment. City Clerk staff members finalize information within the district database and prepare the required attachments which, in conjunction with the Department's report, introduce the proposed project to the City Council and related Committees. The legislative hearing process is then scheduled and initiated.

STAGE TWO: ESTABLISHMENT

The procedures and activities related to establishment of a BID are largely legislative in nature. Numerous types of statutory deadlines and City requirements must be adhered to. During the public hearing process, the proponent group continues to maintain the momentum which resulted in the completion of Stage One. Key stakeholders are frequently canvassing the businesses or property owners in the proposed BID to ensure a positive response to the City Council hearings and, if applicable, a return of the ballots which are required for property based districts.

STAGE THREE: ADMINISTRATION

After the City Council establishes a BID, an administration agreement, entered into between the City and the BID's operating entity (owners' association), must be entered into in order for the owners' association to administer and implement the services and activities of the BID.