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CITY CLERK

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CALIFORNIA



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December 8, 2016
Honorable Members of the City Council
City Hall, Room 395
200 North Spring Street
Los Angeles, California 90012

Council District 13

REGARDING:

THE SUNSET & VINE (PROPERTY BASED) BUSINESS IMPROVEMENT DISTRICT'S 2017 FISCAL YEAR ANNUAL PLANNING REPORT

Honorable Members:

The Office of the City Clerk has received the Annual Planning Report for the Sunset & Vine Business Improvement District's ("District") 2017 fiscal year (CF 14-0583). The owners' association of the District has caused to be prepared the Annual Planning Report for City Council's consideration. In accordance with Section 36600 et seq. of the California Streets and Highways Code ("State Law"), an Annual Planning Report for the District must be submitted for approval by the City Council. The Sunset & Vine Business Improvement District's Annual Planning Report for the 2017 fiscal year is presented with this transmittal for City Council's consideration as "Attachment 1."

BACKGROUND

The Sunset & Vine Business Improvement District was established on September 14, 2011 by and through the City Council's adoption of Ordinance No. 181880 which confirmed the assessments to be levied upon properties within the District, as described in the District's Management District Plan. The Council established the District pursuant to State Law.

ANNUAL PLANNING REPORT REQUIREMENTS

The State Law requires that the District's owners' association shall cause to be prepared, for City Council's consideration, an Annual Planning Report for each fiscal year for which assessments are to be levied and collected to pay for the costs of the planned District improvements and activities. The Annual Planning Report shall be filed with the City Clerk and shall refer to the district by name, specify the fiscal year to which the report applies, and, with respect to that fiscal year, shall contain all of the following: any proposed changes in the boundaries of the district or in any benefit zones within the district; the improvements and activities to be provided for that fiscal year; an estimate of the cost of providing the

improvements and activities for that fiscal year; the method and basis of levying the assessment in sufficient detail to allow each real property owner to estimate the amount of the assessment to be levied against his or her property for that fiscal year; the amount of any surplus or deficit revenues to be carried over from a previous fiscal year; and the amount of any contributions to be made from sources other than assessments levied.

The attached Annual Planning Report, which was approved by the District's Board at their meeting on November 8, 2016, complies with the requirements of the State Law and reports that programs will continue, as outlined in the Management District Plan adopted by the District property owners. The City Council may approve the Annual Planning Report as filed by the District's owners' association or may modify any particulars contained in the Annual Planning Report, in accordance with State Law, and approve it as modified.

FISCAL IMPACT

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

RECOMMENDATIONS

That the City Council:

1. FIND that the attached Annual Planning Report for the Sunset & Vine Business Improvement District's 2017 fiscal year complies with the requirements of the State Law
2. FIND the the increase in the 2017 budget concurs with the intentions of the Sunset & Vine Business Improvement District's Management District Plan and does not adversely impact the benefits received by assessed property owners.
3. ADOPT the attached Annual Planning Report for the Sunset & Vine Business Improvement District's 2017 fiscal year, pursuant to the State Law.

Sincerely,



Shannon D. Hoppes

Executive Officer

Attachment:

Sunset & Vine Business Improvement District's 2017 Fiscal Year Annual Planning Report

December 28, 2016

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

Subject: Sunset & Vine PBID 2017 Annual Planning Report

Dear Ms. Wolcott:

As required by the Property and Business Improvement District Law of 1994, California Streets and Highways Code Section 36650, the Board of Directors of the Sunset & Vine Business Improvement District has caused this Sunset & Vine Business Improvement District Annual Planning Report to be prepared at its meeting on November 8, 2016.

This report covers proposed activities of the Sunset & Vine BID from January 1, 2017 through December 31, 2017.

Sincerely,

Joseph A. Mariani Jr.

Kerry Morrison
BID Director
Central Hollywood Coalition

Sunset & Vine
Business Improvement District

2017 Annual Planning Report

District Name

This report is for the Sunset & Vine Business Improvement District (District). The District is operated by the Central Hollywood Coalition, Inc., a California non-profit corporation.

Fiscal Year of Report

The report applies to the 2017 Fiscal Year. The District Board of Directors approved the 2017 Annual Planning Report at the November 8, 2016 Board of Director's meeting.

Boundaries

There are no changes to the District boundaries for 2017.

Benefit Zones

There are no changes to the District's benefit zone(s) for 2017.

2017 IMPROVEMENTS, ACTIVITIES AND SERVICES

Safety and Security Services: \$848,700.00 (51.31%)

General objective: A safe District is a prerequisite to business vitality and economic growth for the District stakeholders. It is the intent of the District assessment payers to contribute to programs, services, initiatives, equipment (e.g., cameras, lighting, etc.) and organizations which promote safety and security that will benefit only those individual parcels within the boundaries of the District.

Members of the Sunset & Vine Security Committee meet in conjunction with the Hollywood Entertainment District on a monthly basis to discuss a full range of public safety issues, such as illegal vending, homelessness and loitering, public urination, drinking in public, vandalism and graffiti, and quality of life issues.

In addition to addressing specific incidents and trends, the committee oversees the following programs: (1) security patrols; (2) one public safety camera; (3) incident tracking software; and (4) homeless outreach.

1. Security patrol: Security services are provided to the district by Andrews International Security. After an extensive RFP process in 2012, Andrews International was awarded a five year contract to continue servicing the BID. The new contract provides the following level of service:

- Average patrol of 224 hours per week, by officers and sergeants, Monday through Saturday. An additional 40 hours per week are attributed to management staff.
- On Sunday, two officers patrol the district.
- The deployment schedule is always subject to change at the discretion of the Security Committee.

The security headquarters and related office space are housed at the LAPD sub-station at Hollywood & Highland, which is donated by the owners of the complex. As a result of the management contract that the CHC has negotiated with the Hollywood Property Owners Alliance, (HPOA) all security supervision and administrative costs are currently shared 66% HED and 34% SVBID. This year's budget includes a 5% increase to the contract amount as there has not been a CPI increase in the contract since 2013.

2. Public Safety Camera: A portion of the security budget is earmarked for the maintenance of one video surveillance camera, donated to the Los Angeles Police Department for their exclusive use. Currently, the Sunset & Vine video surveillance camera is located at the intersection of Cahuenga & Sunset. An updated camera was purchased in 2014, and the warranty expired in August of 2015. A \$400/month maintenance agreement will be levied to keep the camera functioning.

3. Incident Tracking Software: The BID contracts with Stack FM to maintain mapping software that tracks security incidents. The approximate annual cost for this service is \$3,500 a year.

4. Homeless Outreach Services: A portion of the security budget may be allocated, at the discretion of the Security Committee, with Board approval, to organizations involved with outreach and service to homeless individuals in the District. Further, given the significant increase in the number of homeless individuals in the BID, a pilot project is underway to assess the effectiveness of embedding an outreach worker in the BID Patrol team who could engage directly with chronically homeless people in the BID and refer them to services. This pilot may turn into a full-time commitment in 2017.

Maintenance, Streetscape and Beautification: \$411,380.68 (24.87%)

General Objective: A clean, well maintained and attractive business District promotes safety, enhances the pedestrian experience for those taking advantage of businesses located within the District, and contributes to an improved business climate. It is the intent of the District assessment payers to contribute to programs, services, initiatives, equipment and organizations which promote the cleanliness, attractiveness and aesthetic character only for those individual parcels within the boundaries of the District.

1. Maintenance - \$381,381

The maintenance program primarily involves oversight of the District's maintenance vendor, Streetplus. The services and priorities of the maintenance contract are guided by the Management District Plan, the Streetscape Committee and the Board. The contract, which is

shared with the neighboring Hollywood Entertainment District BID, was awarded to Streetplus September of 2016 after the BID's previous vendor, CleanStreet, was removed in an effort to upgrade systems, efficiencies, accountability, and use of technology in the BIDs maintenance operations.

The following services are incorporated within the scope of the agreement:

- Daily street and gutter sweeping in all zones 7 days a week
- Sidewalk pressure washing: Zone 1 - one time per month; Zone 2 - one time every six weeks; Zone 3 - one time every other month
- Trash removal twice daily from approximately 40 receptacles in the BID
- Waste removal from three 3-cubic yard dumpsters, emptied three days per week
- Graffiti removal within 72 hours of a report
- Sidewalk and gutter sweeping by one daily day porter working one 8-hour shift
- Limited star polishing on one block of Walk of Fame that falls within SVBID (on Vine from Selma to Sunset)
- Landscaping services which include pruning low lying-branches of all trees within the BID, maintaining tree-wells by removing debris, trash, branches and weeds, and installing decomposed granite on an "as-needed" basis
- Tree watering for trees planted by the BID
- Oversight of all maintenance duties by one full-time supervisor

In 2015, storefront space on Cherokee was acquired to house the maintenance crew, equipment and supplies. The Sunset & Vine BID budget pays for the utilities (approx. \$200/month) associated with this rental space. The Hollywood Entertainment District pays the monthly lease (\$1,300/month).

2. Beautification - \$30,000

This budget item is earmarked for capital improvements, landscape projects and matching fund requirements for beautification grants. The total 2016 budget allocation for beautification was \$30,000. The largest expense was incurred for pedestrian way finding signage planning and design (\$17,400). Recurring expenses accounted for remaining expenses, including maintenance service center utilities (\$2,300), branded trash can plaques (\$1,500), landscape installation (\$2,400), and tree maintenance (\$2,300). Anticipated beautification budget expenditures for 2017 include ongoing projects including tree gators, continuing utilities for maintenance service center, and landscaping materials.

Marketing and Consulting: \$40,000.00 (02.42%)

General Objective: To capitalize on the identity of the District in the heart of Hollywood, and to optimize public awareness of the District, and to communicate information to district stakeholders, it is important to undertake activities to promote the District as a whole and to support organizations which promote the District as a place to live, visit, shop, work, invest and be entertained with the intent to benefit individual parcels within the District.

Program specifics include the following:

- The production and distribution of a quarterly newsletter to all stakeholders;
- The graphic design and printing of special promotional materials;
- The production of the sixth annual “Sunset & Dine” event, which will involve promotional materials, venue logistics, insurance and related event production expenses;
- The hosting, maintenance and enhancement of the Sunset & Vine BID’s website www.onlyinhollywood.org;
- Social media outreach through 'Only in Hollywood’s' various platforms on Facebook, Twitter, Tumblr, Instagram, and various other sites;
- Participation in a new event, "Only in Hollywood Music + Arts Festival," in conjunction with the Hollywood Entertainment District;
- Participation in BID Consortium collaborative to pay for administrative staff support to the Consortium (.03% of budget).

If available, marketing funds also may be used towards partnering with other community events, activities or collateral that aim to promote the Sunset & Vine BID as a whole. Examples include sponsorship fees for area festivals, logo plaques for trash receptacles, pole banners and promotion of streetscape projects.

District Management, Policy and Administration: \$232,964.85 (14.08%)

General Objective: A well-managed District optimizes the use of the assessment payer funds, through effective vendor selection and contract management, excellent communications with stakeholders, serving as a single voice representing the parcel owner interests, effective board and committee coordination and sound fiscal management. District management, representation of individual parcel owner interests and administration will only benefit the individual parcels within the District boundaries.

This area of the budget is primarily earmarked for a professional services agreement between the Central Hollywood Coalition and the Hollywood Property Owners Alliance. The monthly fee will increase from \$13,792 a month to \$14,205 to account for an increase in rent experienced by the HPOA. Other expenses will remain static. The management fee pays for the following services: (a) meeting coordination (monthly board meetings, committees and annual property owner meetings); (b) stakeholder relations; (c) staff time devoted to communications and marketing, website maintenance and updates, media relations; (d) supervision of security and maintenance vendors; (e) community relationship building (e.g., LAPD, city staff, council office); (f) homeless coalition issues; (g) property database management; and (h) BID contract compliance requirements (e.g., quarterly reports, annual reports).

Additionally, a portion of the budget is earmarked for technical consulting with Willdan Financial Services to provide quarterly updates to Sunset and Vine BID parcel database, and to present annual changes to the assessment roll. Additional expenses are anticipated for liability insurance; tax preparation; and legal consultation, and the hiring of a BID Renewal

Consultant in preparation of the BID's renewal process.

Contingency/City Fees/Reserve: \$121,001.00 (07.32%)

Contingency: A non-earmarked reserve category has been designated to meet special needs arising each year related to security, maintenance, streetscape, special projects or marketing needs designed to benefit the individual parcels within the District. The special needs will be determined by the Owners Association, but, for example, might involve the placement of a new surveillance camera, the scheduling of additional pressure washing, or the one-time purchase of trash receptacles or planters.

The contingency budget is earmarked to either accommodate a higher than budgeted delinquency rate, or to supplement services during the year at the discretion of the board.

1. Contingency - \$12,000

City Fees: Additionally, each year the District must pay administrative fees to the City of Los Angeles, which are estimated at less than two (2) percent of the assessment revenues.

2. City fees - \$31,001

Reserve for non-payment (Delinquency): Because the assessments are collected as part of each parcel's property taxes, each year, taxes may not be paid by a small percentage of parcels creating a revenue shortfall for that fiscal year. A reserve fund has been established to offset these temporary revenue shortfalls. Eventually these delinquent assessments will accrue to the District, either at the time of property transfer (when all outstanding fees, taxes and assessments are collected) or upon the county of Los Angeles initiating a tax auction to recover delinquent taxes and assessments. If the funds are collected during the life-span of the District, they are included in operating capital. If they accrue after the District expires, they accrue to a Special Projects Account.

This year's budgeted delinquency allowance is based on past year's delinquency and payment history.

3. Delinquency - \$78,000

Total Estimate of Cost for 2017

A breakdown of the total estimated 2017 budget is attached to this report as **Appendix A**.

Method and Basis of Levying the Assessment

The Method and Basis for levying the 2017 assessment remains the same as listed in the Management District Plan. Annual assessments are based upon an allocation of program costs and three (3) zones of benefit with differing rates depending type and frequency of

special benefit services provided in that zone. The Board voted a 1.7% CPI increase for 2017.

Sunset & Vine 2017 assessment rates
CPI Increase (up to 3% max), for 2017: 1.7%

Asmt Year: 2017
Zone 1
Lot Size \$0.0844
Bldg Size \$0.0661

Zone 2
Lot Size \$0.0727
Bldg Size \$0.0627

Zone 3
Lot Size \$0.0415
Bldg Size \$0.0362

Frontage
Level 1 \$22.3379
Level 2 \$14.3308
Level 3 \$11.5430

(There is a 1% CPI increase for 2017)

Surplus Revenues: \$113,620.00

The anticipated rollover results from two outcomes: positive variances at year end that were unanticipated at the time the 2017 budget was prepared and adopted by the board (November 2016) and the board's desire to have operating cash on hand at the beginning of the new year as the deposit of assessment revenue is typically delayed until February of the new year. Monthly cash expenses tend to run at approx. \$132K/month, and this mitigates against having to secure a line of credit to start the New Year. It is anticipated that in the final year of the BID this cash management strategy will not be necessary.

Anticipated Deficit Revenues

There are no deficit revenues that will be carried over to 2017.

Contribution from Sources other than assessments: \$100.00

This represents anticipated interest from the bank.

APPENDIX A- TOTAL ESTIMATED REVENUES/EXPENDITURES FOR THE Sunset & Vine BID- FY 2017

	Zone 1	Zone 2	Zone 3	Total	
2017 Assessments	\$1,032,018.77	\$169,435.92	\$338,871.84	\$1,540,326.53	
Estimated Carryover from 2016	\$76,125.40	\$12,498.20	\$24,996.40	\$113,620.00	
Other Income	\$67.00	\$11.00	\$22.00	\$100.00	
Total Estimated Revenues	\$1,108,211.17	\$181,945.12	\$363,890.24	\$1,654,046.53	
2017 Estimated Expenditures					Pct.
Safety and Security Services	\$568,629.00	\$93,357.00	\$186,714.00	\$848,700.00	51.31%
Maintenance, Streetscape and Beautification	\$275,625.00	\$45,251.86	\$90,503.82	\$411,380.68	24.87%
Marketing and Consulting	\$26,800.00	\$4,400.00	\$8,800.00	\$40,000.00	02.42%
District Management, Policy and Administration	\$156,086.50	\$25,626.15	\$51,252.20	\$232,964.85	14.08%
Contingency/City Fees/Reserve	\$81,070.67	\$13,310.11	\$26,620.22	\$121,001.00	07.32%
Total Estimated Expenditures	\$1,108,211.17	\$181,945.12	\$363,890.24	\$1,654,046.53	100%