

HOLLY L. WOLCOTT
CITY CLERK

SHANNON D. HOPPES
EXECUTIVE OFFICER

City of Los Angeles

CALIFORNIA



ERIC GARCETTI
MAYOR

OFFICE OF THE
CITY CLERK

Neighborhood and
Business
Improvement District
Division
200 N. Spring Street,
Room 395
Los Angeles, CA. 90012
(213) 978-1099
FAX: (213) 978-1130

MIRANDA PASTER
DIVISION MANAGER

clerk.lacity.org

December 5, 2017
Honorable Members of the City Council
City Hall, Room 395
200 North Spring Street
Los Angeles, California 90012

Council Districts 13

REGARDING:

THE SUNSET AND VINE (PROPERTY BASED) BUSINESS IMPROVEMENT
DISTRICT'S 2018 FISCAL YEAR ANNUAL PLANNING REPORT

Honorable Members:

The Office of the City Clerk has received the Annual Planning Report for the Sunset and Vine Business Improvement District's ("District") 2018 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 the Property and Business Improvement District Law of 1994, California Streets and Highways Code Section 36650, an Annual Planning Report for the District must be submitted for approval by the City Council. The Sunset and Vine Business Improvement District's Annual Planning Report for the 2018 fiscal year is presented with this transmittal for City Council's consideration as "Attachment 1."

BACKGROUND

The Sunset and 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 an 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 14, 2017, 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 and Vine Business Improvement District's 2018 fiscal year complies with the requirements of the State Law
2. ADOPT the attached Annual Planning Report for the Sunset and Vine Business Improvement District's 2018 fiscal year, pursuant to the State Law.

Sincerely,



Shannon D. Hoppes
Executive Officer

Attachment:

Sunset and Vine Business Improvement District's 2018 Fiscal Year Annual Planning Report

December 4, 2017

Holly L. Wolcott, City Clerk
Office of the City Clerk
200 North Spring Street, Room 395
Los Angeles, CA. 90012

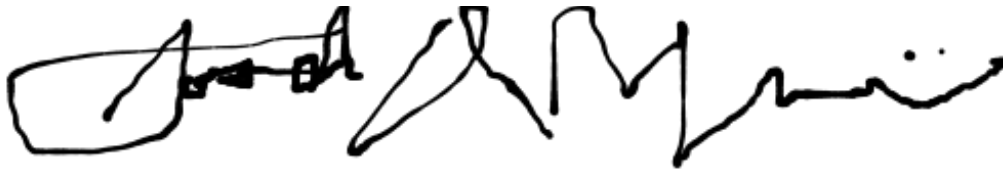
Subject: Sunset and Vine PBID 2018 Annual Planning Report

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 and Vine Business Improvement District has caused this Sunset and Vine Business Improvement District Annual Planning Report to be prepared at its meeting on November 14, 2017.

This report covers proposed activities of the Sunset and Vine BID from January 1, 2018 through December 31, 2018.

Sincerely,

A handwritten signature in black ink, appearing to read "Joe Mariani". The signature is fluid and cursive, with a large initial "J" and "M".

Joe Mariani
Executive Director
Central Hollywood Coalition

Sunset and Vine
Business Improvement District

2018 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 2018 Fiscal Year. The District Board of Directors approved the 2018 Annual Planning Report at the November 14, 2017 Board of Director's meeting.

Boundaries

There are no changes to the District boundaries for 2018.

Benefit Zones

There are no changes to the District's benefit zone(s) for 2018.

2018 IMPROVEMENTS, ACTIVITIES AND SERVICES

Safety and Security Services: \$863,700.00 (49.38%)

This budget line item provides the resources to contract a security team, which will patrol the entire District to deter crime, initiate citizen's arrests when necessary, warn and advise trespassers and panhandlers and respond to pedestrian inquiries. The intent is to provide a level of security service and visibility above what is provided by the City. The team may either be armed or unarmed, depending upon the needs of the District, as defined by the Security Committee and the Board of Directors. Among other services, this budget item covers deployment of officers, office space, training, overtime, court pay, vehicles and homeless services outreach. Security services are available throughout the entire District equally on a "call for service" basis, but foot and vehicle patrols provide differential levels of coverage to the three zones of benefit.

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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 200 hours per week, by officers and sergeants, 50 hours by unarmed team, and 14 hours a week by an outreach worker, Monday through Saturday. An additional 55 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.

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. This year's budget also includes a 1.8% increase to the Security line item to allow for either a few additional hours of security patrol, or the potential purchase of another LAPD surveillance camera in the BID.

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, the district has added an outreach worker to the BID Patrol team who engages directly with chronically homeless people in the BID and refer them to services. This individual is split between the Hollywood Entertainment District and the Sunset and Vine BID, with the Sunset and Vine BID paying for 34% of this individual's time.

Maintenance, Streetscape and Beautification: \$433,881.19 (24.81%)

This budget line item provides the resources to contract with a maintenance vendor or hire

staff to provide the services of street sweeping, sidewalk sweeping and pressure washing, Walk of Fame star polishing, gutter and storm drain cleaning, landscape services, tree trimming, graffiti removal and sticker removal, trash removal and related services within the boundaries of the District. Funds may be used to pay for special capital improvements, new street furniture (e.g., trash receptacles, benches, signage, planters), holiday decorations and similar improvements.

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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 core services contract amounts to approximately \$370,000 annually. Key focus areas in 2017 included refining operational software for enhanced work order efficiencies and quality assurance.

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

2. Beautification - \$52,500

This budget item is earmarked for capital improvements, maintenance, and beautification projects, apart from the core maintenance contract. The total 2017 budget allocation for beautification was \$30,000. The largest expense was incurred for pedestrian wayfinding signage planning and design (\$9,000). Recurring projects accounted for remaining expenses, including decomposed granite for tree wells (\$4,200) and maintenance service center utilities (\$2,300). Anticipated beautification budget expenditures for 2018 include ongoing maintenance costs for lighting, utility costs for the maintenance service center, and parking for maintenance vehicles.

Marketing and Consulting: \$50,000.00 (2.86%)

This budget line item provides the resources to contract or hire professional consulting services to assist with communications or pressing issues that have an impact on the parcels in the District. The types of consulting services may include: marketing, media relations, event planning, public relations guidance, economic development, retail recruitment, grant writing, and business improvement district renewal. Funds may be also utilized to match grant proceeds or for district branding opportunities such as pole banners, logos and wall maps; promotional materials, including advertising, maps, visitors' guides, press releases; maintenance of District website; economic benchmarking research and similar projects.

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This budget item will support activities associated with marketing and promoting the overall 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 seventh 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 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: \$256,250.00 (14.65%)

This budget line item provides the resources to pay for the following items: office expenses, legal, telephone/internet access, accounting services, meeting expenses, travel, insurance (workers comp, general liability and directors/officers liability), dues/subscriptions, equipment/ furniture, rent, and database maintenance. Personnel expenses are earmarked for staff persons, payroll taxes and benefits. The administrative office – in addition to coordinating all affairs of the Owners Association, and complying with all contractual obligations to the City of Los Angeles in the management of the District – also will serve as the "voice" of the parcel owner to the community, the media and government policymakers.

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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 \$14,205 a month to \$14,980 to account for an increase in rent and anticipated staff salary line item growth of 2.85%, by the HPOA. 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; (d) website maintenance and updates; (e) media relations; (f) supervision of security and maintenance vendors; (g) community relationship building (e.g., LAPD, city staff, council office); (h) homeless coalition issues; (i) property database management; and (j) 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 SVBID parcel database, and to present annual changes to assessment roll. Additional expenses are anticipated for liability insurance; tax preparation; and legal consultation, and the continued cost associated with the BID renewal consultant, Urban Place Consulting.

Contingency/City Fees/Reserve: \$145,249.81 (8.30%)

This budget line item provides the resources for:

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. 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.

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.

Reserve for non-payment: 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.

Total Estimate of Cost for 2018

A breakdown of the total estimated 2018 budget is attached to this report as **Appendix A**.

Method and Basis of Levying the Assessment

The Method and Basis for levying the 2018 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 Management District Plan allows for maximum annual assessment increase of 3%. The Board voted a 1.5% CPI increase for 2018.

Sunset & Vine 2018 assessment rates:

Zone 1

Lot Size \$0.0857

Bldg Size \$0.0671

Zone 2

Lot Size \$0.0738

Bldg Size \$0.0636

Zone 3

Lot Size \$0.0421

Bldg Size \$0.0368

Frontage

Level 1 \$22.6729

Level 2 \$14.5458

Level 3 \$11.7162

(There is a 1.5% CPI increase for 2018)

Surplus Revenues: \$179,905.24

The anticipated carry-over results from two outcomes: favorable variances at year end that were unanticipated at the time the 2018 budget was prepared and adopted by the board (November 2017) 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. \$145,000/month, and this carry-over mitigates against having to secure a line of credit to start the New Year. It is anticipated as the BID enters its final year, this cash management strategy will not be necessary.

Anticipated Deficit Revenues

There are no deficit revenues that will be carried over to 2018.

Contribution from Sources other than assessments: \$100.00

Estimated Bank interest income for the year

APPENDIX A- TOTAL ESTIMATED REVENUES/EXPENDITURES FOR THE Sunset and Vine BID- FY 2018

	Zone 1	Zone 2	Zone 3	Total	
2018 Assessments	\$1,051,281.43	\$172,598.44	\$345,195.89	\$1,569,075.76	
Estimated Carryover from 2017	\$120,536.51	\$19,789.58	\$39,579.15	\$179,905.24	
Other Income	\$67.00	\$11.00	\$22.00	\$100.00	
Total Estimated Revenues	\$1,171,884.94	\$192,399.02	\$384,797.04	\$1,749,081.00	
2018 Estimated Expenditures					Pct.
Safety and Security Services	\$578,679.00	\$95,007.00	\$190,014.00	\$863,700.00	49.38%
Maintenance, Streetscape and Beautification	\$290,700.46	\$47,726.91	\$95,453.82	\$433,881.19	24.81%
Marketing and Consulting	\$33,500.00	\$5,500.00	\$11,000.00	\$50,000.00	2.86%
District Management, Policy and Administration	\$171,687.50	\$28,187.50	\$56,375.00	\$256,250.00	14.65%
Contingency/City Fees/Reserve	\$97,317.98	\$15,977.61	\$31,954.22	\$145,249.81	8.30%
Total Estimated Expenditures	\$1,171,884.94	\$192,399.02	\$384,797.04	\$1,749,081.00	100%

** Non-regular budget item, not calculated as part of budget percentage.