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Hollywood Property Owners Alliance  
1680 Vine Street, Suite 414  
Hollywood, CA 90028  
phone 323 463 6767 fax 323 463 1839

December 3, 2014

Attachment

*[Handwritten signature]*

Attachment

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

Subject: Hollywood Entertainment District PBID 2015 Annual Planning Report

Dear Ms. Wolcott,

As required by the Property and Business Improvement District Law of 1994, CA Streets & Highways Code Section 36650, the board of directors for the Hollywood Property Owners Alliance approved this Hollywood Entertainment District Annual Planning Report at their meeting on November 20, 2014.

The report covers proposed activities of the Hollywood Entertainment District BID from January 1, 2015 through December 31, 2015.

Sincerely,

*[Handwritten signature of Kerry Morrison]*

Kerry Morrison  
Executive Director

Hollywood  
Property Owners  
Alliance

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Monica Yamada  
President  
CIM Group

John Tronson  
Vice President  
Whitley Court Partners

Drew Planting  
Treasurer  
GPI

Jan Martin  
Secretary  
AMDA

Leslie Blumberg  
The Fonda

Joseph D'Amore  
CRC Entertainment

Darcy Derler-Judd  
Robertson Properties  
Group

Mark Echeverria  
Musso & Frank Grill

Michael Gargano  
Argent Ventures, LLC

David Green  
Nederland  
West Coast

Brian D. Johnson  
Loews Hollywood Hotel

Evan Kaizer  
The Sieroty Company

Chad Lewis  
Klein Financial

John Lyons  
Avalon Hollywood

Frank Stephan  
Clarett West  
Development

Mark Stephenson  
Hollywood United  
Methodist Church

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Kerry Morrison  
Executive Director

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**2015 Planning Report**  
**Hollywood Entertainment District Business Improvement District**  
**Year VII**

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The following report is prepared, in accordance with the requirements of Section 36650 of the Streets & Highways Code and serves as the Work Plan for the coming year for the Hollywood Entertainment District Business Improvement District.

**1. Boundaries and Zones:**

There have been no changes to the boundaries or to the zones of the Hollywood Entertainment District.

**2. Detailed budget:**

The following budget allocations were approved by the board of directors for the Hollywood Property Owners Alliance at their November 20, 2014 meeting:

<b>Program</b>	<b>Management Plan (1st year)</b>		<b>2015 Budget (7th year)</b>	
Safety & Security	1,593,041	48.48%	1,633,020	45.09%
Maintenance & Streetscape	846,303	25.76%	1,000,000	27.61%
Special Projects/ Marketing & Consulting	109,522	3.33%	118,639	3.28%
District Management	524,708	15.97%	644,717	17.80%
Contingency/Fees/Reserve for Non Pay <sup>1</sup>	212,074	6.45%	224,949	6.21%
Budget Subtotal	3,285,648	100%	3,621,325	100%
Alley Assessment	135,000		137,000	
Year-end cash on hand	0		6,119	
Total	3,420,648		3,764,444	

Please refer to **Attachment A** for a detailed budget breakdown for 2015.

**A. Summary: 2015 Operating Budget is \$3,764,444**

- A one percent CPI inflator was approved by the Board for the 2015 assessments.
- The revenue is predicated upon private assessment payments of \$3,169,881 and government/direct assessments of \$394,063 amounting to \$3,563,944.
- The revenue budget is further adjusted by the following factors: (a) the anticipated cash roll-over from 2014 is estimated at \$200,000;<sup>2</sup> (b) modest interest revenue of \$500 and

<sup>1</sup> As of October 31, 2014, \$459,113 remains outstanding due to delinquencies ("reserve for non-pay") from private and public parcels dating back to the 09/10 tax year.

<sup>2</sup> The anticipated rollover results from two outcomes: positive variances at year end that were unanticipated at

(c) an expected \$6,119 remaining at year end.

**B. Security Program - \$1,633,020 or 45.09% of the budget**

The security program funds three services: (1) security patrols, (2) video surveillance cameras, and (3) homeless services outreach. The security vendor is Andrews International Security. The Security Committee sought competitive bids for this contract in early 2013. Andrews International was chosen to provide services again, through 2018.

The contract calls for the following:

- Average patrol of 400 hours per week for armed officers plus sergeants; 112 hours for public safety officers (unarmed), and 79.2 hours for the Director, Assistant Director, and Dispatcher.
- This accommodates seven armed officers on Monday through Wednesday; eight officers a day Thursday through Saturday, and six armed officers on Sunday. Additionally two public safety officers are deployed in the District 8 hours a day, seven days a week.
- This core scheduling will leave approximately \$25,000 to 30,000 in discretionary patrol funds that would be used to fund special projects and patrols, including a special night-time patrol.
- The deployment schedule is always subject to change at the discretion of the Security Committee.

The security headquarters continues to be housed at the LAPD sub-station at Hollywood & Highland with donated rent.

A portion of the security budget has also been earmarked for the maintenance of eight video surveillance cameras, donated to the Los Angeles Police Department, to provide enhanced public safety services to benefit the properties in the District. The maintenance contract which will commence on August 1, 2015, amounts to \$3,440/month to support these cameras. The camera vendor is Metro Video Systems in El Segundo. This past year, the cameras were upgraded and will be under warranty for the coming year.

Finally, a monthly retainer with CIMS a company which provides and maintains the Stack FM Mapping Software, is included in this budget. This is used to track and monitor security and graffiti incidents and to manage the parcel database.

A set-aside in the Security Contingency budget (approximately \$25,000) will also be reserved for activities related to homeless outreach and moving individuals who are chronically homeless in the BID into housing. This will be under the direction of the Security Committee.

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the time the 2015 budget was prepared and adopted by the board (November 2014) 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.. \$285K/month, and this mitigates against having to secure a line of credit to start the new year. It is anticipated as the BID enters its final year, that this cash management strategy will not be necessary.

Security Committee meetings are held in conjunction with the Sunset & Vine BID, and the full range of public safety issues are addressed, including illegal vending, homelessness and loitering, public urination, drinking in public, vandalism and graffiti.

**C. Maintenance - \$1,000,000 or 27.61% of the budget**

The maintenance program involves a contract with the District's maintenance vendor, CleanStreet. Services and priorities are guided by the board and the Streetscape Committee. The contract was competitively bid in 2013-14, and was awarded to CleanStreet through December 2018 (the end of the BID). The core services contract amounts to \$902,004 annually.

Core maintenance services include the following:

- Daily street and gutter sweeping
- Sidewalk pressure washing: Zone 1 - two times per week; Zone 2 - two times per month; Zone 3 - one time per month. Additional pressure washing takes place on an as-needed basis around bus stops, high traffic pedestrian areas and outdoor dining areas.
- Trash removal twice daily from approximately 200 receptacles in the BID.
- Waste removal from seven 3-cubic yard dumpsters, six days per week.
- Graffiti removal within 24 hours of a report.
- Sidewalk and gutter sweeping by two day porters working one 8-hour shift.
- Routine furniture washing and furniture and light pole touch up painting.
- Polishing the brass medallions along the Walk of Fame one time per month.
- Oversight of all maintenance duties by one full-time supervisor dedicated to the district.

In addition, this year, approximately \$115,000 in funds will be set aside for maintenance and landscaping related services, apart from the core maintenance contract. Costs have increased this year due to the need to lease space to house the maintenance operation and supplies (formerly housed at a LAUSD parking lot for no rent for the past 16 years). Additionally, monies are set aside to pay for parking of the maintenance vehicles, due to the loss of free parking. Other expenditures anticipated include tree trimming in Zone 1; landscape services contract to tend to existing trees and median; the purchase of new wire trash receptacles; installation of solar trash receptacles and similar special projects.

**D. Special Projects/Marketing and Consulting - \$118,639 or 3.28% of budget**

This budget category allows for the funding of general consulting, marketing, communications and special projects to promote the image and improvements within the District.

Professional consulting is budgeted at \$95,000 per year. There are currently three professional agreements in place:

1. Willdan – who provides quarterly updates to the property data base, and coordinates the annual update to the assessment roll for presentation to the city (approx. \$3,600/year);
2. Computer Physicians – monthly retainer to maintain the Association's computers and server (approx \$6,600/year).

3. Haines & Co – monthly retainer for Media Relations, marketing and communications strategy (approx \$56,400/year). Contract expires in April; expected to be renewed.

Additional consulting dollars are set aside for special project work including the planning and implementation of a Mobility Summit and related follow-up projects; the design of a landscaped median for Argyle/Yucca; and technical training of new operations staff on landscape and tree trimming projects. Finally, funds are earmarked to hire a consultant to help with grant applications for special infrastructure and/or streetscape improvement projects.

A separate line item is set aside for marketing activities and projects. This amounts to approximately \$48,000. Generally speaking, this will allow for:

- The production and distribution of a newsletter, four times a year, intended primarily for District assessment paying stakeholders and interested community members;
- The hosting, maintenance and enhancement of the Hollywood Entertainment District's website, [www.hollywoodbid.org](http://www.hollywoodbid.org) and [www.onlyinhollywood.org](http://www.onlyinhollywood.org), newly developed in 2014.
- Introduction of a new series of "micro-neighborhood" mixers and neighborhood organizing efforts to promote various corners of the BID.
- Potential real estate tours for investors, media and stakeholders.
- Distribution of collateral material and Hollywood infographics developed during 2014.
- Event sponsorships (as a partner), social networking initiatives, or District promotion at the discretion of the board of directors.
- The creation of collateral materials to support the media relations efforts (e.g., blogger tours, targeted trade outreach, events) guided by Haines & Co.

#### **E. Administration/Legal/Accounting - \$644,717 or 17.80% of the budget**

This category funds the central office for the HPOA including human resources costs (payroll, payroll taxes, 401(k), temp help and health insurance); rent, telephone, office supplies, insurance, business meals and meeting expenses, travel, parking and the like. The Association's lease expires in mid-2015, and funds are set aside to accommodate potential increase and/or relocation.

A monthly legal retainer is budgeted for the Association's counsel, Jeffrey Briggs Esq. and ancillary legal expenses. Accounting services are provided by RBZ LLP and the annual Financial Review is compiled by Fabio Vasco CPA.

#### **F. City Fees, Contingency and Delinquencies - \$224,949 or 6.21% of the budget**

Each year, the city levies a fee equal to one percent of the gross assessment. Further, the board of directors each year estimates the amount of delinquencies to be experienced in the coming year, in order remove those funds from the net operating budget. This year, the board is budgeting for a three percent delinquency. The contingency budget is earmarked to either

accommodate a higher than budgeted delinquency rate, or to supplement services during the year (in any program category) at the discretion of the board of directors.

**G. Alley District Expense - \$137,000**

This budget item is earmarked for alley maintenance and is paid for by a special linear footage assessment levied against owners along both sides of public and private alleys in the BID, subject to the conditions outlined in the Management District Plan. Alleys are pressure washed and debris is removed. Graffiti is painted where necessary. These services continue to be rendered on a daily basis and are overseen by a designated Alley Supervisor. The Alley District Expense is not included as a budget category applicable to the entire BID, hence it is not regulated by a percentage calculation. The service provider is Clean Street, and this contract will be bid out next year.

**3. Revenues carried from year to year**

The Operating Budget is predicated upon a carry-over of \$200,000 from 2014 as shown in Attachment A. (See discussion in footnote 2 on page 1).

**4. Assessments levied upon parcels.**

**A. Assessment Rates**

The assessment rates for the <sup>2015</sup>~~2013/14~~ tax year are the following:

Type	Zone 1	Zone 2	Zone 3	Alley
Street Frontage	39.105	32.3331	27.9507	
Land Area	.0697	.0624	.0545	
Building Area	.1024	.0866	.0772	
Alley Frontage				12.0574

**HOLLYWOOD PROPERTY OWNERS ALLIANCE**  
**DETAILED BUDGET 2015- HOLLYWOOD ENTERTAINMENT DISTRICT**  
 19/Nov/14

Attachment A

	PROJECTIONS												Total
	January	February	March	April	May	June	July	August	September	October	November	December	2015
<b>Receipts</b>													
Gross Property Assessment	1,450,000	255,000	0	339,804	1,125,000	262,000	84,140	48,000	0	0	0	0	3,563,944
Interest Income Banks		0	50	50	50	50	50	50	50	50	50	50	500
Interest Income County & City	0	0	0	0	0	0	0	0	0	0	0	0	0
Beginning Cash	200,000												200,000
<b>Total Projected Receipts</b>	<b>1,650,000</b>	<b>255,000</b>	<b>50</b>	<b>339,854</b>	<b>1,125,050</b>	<b>262,050</b>	<b>84,190</b>	<b>48,050</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>3,764,444</b>
<b>Expenditures</b>													
<b>1. Safety &amp; Security</b>													
a Security Patrol Contract	129,833	129,833	129,833	129,833	129,833	129,833	129,833	129,833	129,833	129,833	129,833	129,833	1,556,000
b Security Contingency	6,251	6,251	6,251	6,251	6,251	6,251	6,251	6,251	6,251	6,251	6,251	6,251	75,020
<b>2. District Maintenance - cleaning contract</b>	<b>73,750</b>	<b>73,750</b>	<b>73,750</b>	<b>73,750</b>	<b>73,750</b>	<b>73,750</b>	<b>73,750</b>	<b>73,750</b>	<b>73,750</b>	<b>73,750</b>	<b>73,750</b>	<b>73,750</b>	<b>885,000</b>
a Landscape, furniture fixtures	9,583	9,583	9,583	9,583	9,583	9,583	9,583	9,583	9,583	9,583	9,583	9,583	115,000
<b>3. Special Projects</b>													
a Marketing Activities	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,639	48,639
b Consulting	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	70,000
<b>4. District Mgmt, Policy &amp; Admin</b>													
a Accounting Fees	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
b Business Meals	404	404	404	404	404	404	404	404	404	404	404	404	4,850
c Dues/Subscriptions/Books	333	333	333	333	333	333	333	333	333	333	333	333	3,996
d Insurance	0	0	0	0	0	0	0	0	33,000	0	0	0	33,000
e Health Insurance	2,338	2,338	2,338	2,338	2,338	2,338	2,338	2,338	2,338	2,338	2,338	2,338	28,056
f Legal	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	20,000
g Office Expenses	903	903	903	903	903	903	903	903	903	903	903	903	10,840
h Telephone	740	740	740	740	740	740	740	740	740	740	740	740	8,880
i Travel	0	1,200	0	0	0	940	0	0	0	4,300	0	0	6,440
k Miscellaneous	247	247	247	247	247	247	247	247	247	247	247	247	2,960
l Office Expense -- Furniture		2,000								1,000			3,000
m Office Expense -- Equipment	0	2,590	0	0	0	0	1,700	0	0	0	0	2,000	6,290
n Rent	4,075	4,075	4,075	4,075	4,075	4,075	4,075	4,075	4,075	4,075	4,075	4,075	48,894
o Salaries & Payroll Services	29,678	29,678	29,678	29,678	29,678	29,678	29,678	29,678	29,678	29,678	29,678	29,678	356,132
p Salaries - Bonuses	0	0	0	0	0	0	0	0	0	0	0	0	0
q Payroll Taxes	2,201	2,201	2,201	2,201	2,201	2,201	2,201	2,201	2,201	2,201	2,201	2,201	26,417
r 401K Expenses	1,080	1,080	1,080	1,080	1,080	1,080	1,080	1,080	1,080	1,080	1,080	1,080	12,962
s Temp/Intern expense	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
<b>5. Contingency</b>	<b>6,866</b>	<b>6,866</b>	<b>6,866</b>	<b>6,866</b>	<b>6,866</b>	<b>6,866</b>	<b>6,866</b>	<b>6,866</b>	<b>6,866</b>	<b>6,866</b>	<b>6,866</b>	<b>6,866</b>	<b>82,391</b>
a City Fees		35,639											35,639
b Delinquencies												106,918	106,918
<b>Sub Total Projected Expenditures</b>	<b>285,915</b>	<b>327,345</b>	<b>285,915</b>	<b>285,915</b>	<b>285,715</b>	<b>286,655</b>	<b>287,415</b>	<b>285,715</b>	<b>318,715</b>	<b>291,015</b>	<b>285,715</b>	<b>395,289</b>	<b>3,621,325</b>
<b>Alley Planning &amp; Mtce</b>	<b>11,400</b>	<b>11,400</b>	<b>11,400</b>	<b>11,400</b>	<b>11,400</b>	<b>11,400</b>	<b>11,400</b>	<b>11,400</b>	<b>11,400</b>	<b>11,400</b>	<b>11,400</b>	<b>11,600</b>	<b>137,000</b>
<b>Total Projected Expenditures</b>	<b>297,315</b>	<b>338,745</b>	<b>297,315</b>	<b>297,315</b>	<b>297,115</b>	<b>298,055</b>	<b>298,815</b>	<b>297,115</b>	<b>330,115</b>	<b>302,415</b>	<b>297,115</b>	<b>406,889</b>	<b>3,758,325</b>
<b>Net Cash</b>	<b>1,352,685</b>	<b>(83,745)</b>	<b>(297,265)</b>	<b>42,539</b>	<b>827,935</b>	<b>(36,005)</b>	<b>(214,625)</b>	<b>(249,065)</b>	<b>(330,065)</b>	<b>(302,365)</b>	<b>(297,065)</b>	<b>(406,839)</b>	<b>6,119</b>
<b>Cumulative Cash</b>	<b>1,352,685</b>	<b>1,268,940</b>	<b>971,675</b>	<b>1,014,214</b>	<b>1,842,149</b>	<b>1,806,144</b>	<b>1,591,518</b>	<b>1,342,453</b>	<b>1,012,388</b>	<b>710,023</b>	<b>412,958</b>	<b>5,119</b>	

Appendix A (simplified)

Hollywood Entertainment District Business Improvement District  
2015 Annual Report  
2015 Fiscal Year Activities Budget

Anticipated Assessment Revenue and Program Expenditures

2015 Revenue Sources

2015 Special Assessment	\$3,563,944.00	
2014 Carryover	\$200,000.00	
2015 Estimated Contributions/Other Sources	\$500.00	
<b>2015 Total Estimated Revenue</b>	<b>\$3,764,444.00</b>	

2015 Budget Expenditures

Safety and Security	\$1,633,020.00	43.38%
Maintenance Teams	\$1,000,000.00	26.56%
Special Projects, District-wide Improvements, Marketing and Consulting	\$118,639.00	3.15%
District Management, Policy and Administration	\$644,717.00	17.13%
City Fee/Contingency/Reserve	\$224,949.00	5.98%
Alley Services	\$137,000.00	3.64%
Estimate year end cash on hand	\$6,119.00	0.16%
<b>2015 Total Estimated Expenditures</b>	<b>\$ 3,764,444.00</b>	<b>100.00%</b>