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December 18, 2017
Honorable Members of the City Council
City Hall, Room 395
200 North Spring Street
Los Angeles, California 90012

Council Districts 13

REGARDING:

THE HOLLYWOOD ENTERTAINMENT DISTRICT (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 Hollywood Entertainment District Business Improvement District's ("District") 2018 fiscal year (CF 14-0855). 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 Hollywood Entertainment District 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 Hollywood Entertainment District Business Improvement District was established on September 3, 2008 by and through the City Council's adoption of Ordinance No. 180190 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 16, 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

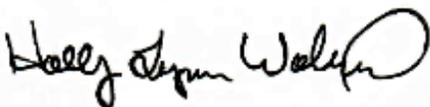
There is no impact to the General Fund associated with this action.

RECOMMENDATIONS

That the City Council:

1. FIND that the attached Annual Planning Report for the Hollywood Entertainment District Business Improvement District's 2018 fiscal year complies with the requirements of the State Law
2. FIND that the increase in the 2018 budget concurs with the intentions of the Hollywood Entertainment District 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 Hollywood Entertainment District Business Improvement District's 2018 fiscal year, pursuant to the State Law.

Sincerely,



Holly L. Wolcott
City Clerk

Attachment:

Hollywood Entertainment District Business Improvement District's 2018 Fiscal Year Annual Planning Report

December 6, 2017

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

Subject: Hollywood Entertainment District 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 Hollywood Entertainment District Business Improvement District has caused this Hollywood Entertainment District Business Improvement District Annual Planning Report to be prepared at its meeting on November 16, 2017.

This report covers proposed activities of the Hollywood Entertainment District BID from January 1, 2018 through December 31, 2018.

Sincerely,

A handwritten signature in cursive script that reads "Kerry Morrison".

Kerry Morrison
Executive Director
Hollywood Property Owners Alliance (HPOA)

Hollywood Entertainment District Business Improvement District

2018 Annual Planning Report

District Name

This report is for the Hollywood Entertainment District Business Improvement District (District). The District is operated by Hollywood Property Owners Alliance, 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 16, 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: \$1,695,900.30 (43.65%)

The Safety and Security program for parcels within the district includes patrol of the entire BID to in an effort to deter and report crime, to initiate citizen's arrests when necessary, to warn and advise trespassers and panhandlers and respond to visitor inquiries. The Safety 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. This budget item covers deployment of officers, office space, training, overtime, court pay, vehicles, homeless services outreach and a staff allocation devoted to contract oversight, program monitoring and LAPD/community relations.

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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 408 hours per week for armed officers plus sergeants; 80 hours for public

safety officers (unarmed), 26.25 hours for a homeless outreach administrator, and 105 hours for the Director, Assistant Director, Administrative Assistant, and Dispatcher.

- This schedule accommodates approximately 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 eight hours a day, five days a week.
- The deployment schedule is always subject to change at the discretion of the Security Committee.

Last year's security budget included a 5% increase, in response to increasing labor costs. There has not been a CPI increase to the BID's security contract since 2013. For this reason the vendor has given an increase to their employees in 2017. The 2018 budget reflects the new pay rates. Additionally, a homeless outreach pilot conducted during Q4 2016, was deemed successful by the Security committee and a portion of the patrol budget has been dedicated to fund a full-time person to conduct outreach and engagement with the homeless population within the District. (This position would be shared with the Sunset & Vine BID.) 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 ten video surveillance cameras, donated to the Los Angeles Police Department, to provide enhanced public safety services to benefit the properties in the District. The HPOA recently purchased the 10th camera in 2017 and installed it at Hollywood/Wilcox to further the coverage of the District. The camera maintenance contract, which commenced on September 1, 2015, is projected to be approximately \$4,000/month to support 10 total cameras. The 10th camera is under warranty through August 2018 and is included in the maintenance plan beginning September 1, 2017. The camera vendor is Metro Video Systems in El Segundo.

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 security incidents and to manage the parcel database.

A set-aside in the Security Contingency budget 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.

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.

Maintenance and Streetscape: \$1,050,000.17 (27.03%)

The Maintenance and Streetscape program services provide street sweeping, sidewalk sweeping and pressure washing, Walk of Fame star polishing, gutter and storm drain cleaning, graffiti removal and sticker removal, trash removal and related services throughout

the District.

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The maintenance program involves a contract with the District's maintenance vendor, Streetplus. Services and priorities are guided by the board and the Streetscape & Planning Committee. The core services contract for 2018 amounts to approximately 930,000. Key focus areas in 2017 included refining operational software for enhanced work order efficiencies and quality assurance, lighting improvements on Hollywood Boulevard, and utility box artwork.

Core maintenance services include the following:

- Daily streets 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.
- Landscape maintenance including tree wells, medians, and new trees planted by the BID.
- 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 2018, approximately \$120,000 in funds will be set aside for maintenance and beautification projects, apart from the core maintenance contract. Other large expenditures anticipated include tree trimming in Zone 1, installing holiday decorations, ongoing maintenance costs for lighting, as well as rent for the maintenance service center and parking for maintenance vehicles.

Special Projects, District-wide Improvements, Marketing and Consulting: \$145,000.40 (3.73%)

The Special Projects program supports services and/or professional consulting to promote and/or improve the aesthetic character of the entire District; services may include media relations; event planning; promotional materials; pole banners and District branding programs; wayfinding signage, pedestrian amenities, website development and maintenance and research. This budget category also allows for the funding of general consulting, marketing, communications and special projects to promote the image and improvements within the District.

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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 \$80,000 per year. There are currently three professional agreements in place:

1. Willdan – who provides quarterly updates to the property database, 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 and events including the planning of the BID’s Old Hollywood Locals Nights, other related events that will promote the district, and some marketing materials in preparation for BID Renewal. Funds are also available 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 \$65,000. 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 and www.onlyinhollywood.org, developed in 2014.
- Convening of the “Old Hollywood” stakeholders to promote and enhance the middle portion of Hollywood Boulevard (Cahuenga Boulevard to Las Palmas Avenue).
- Potential real estate tours for investors, media and stakeholders.
- Updating and distribution of collateral material and Hollywood infographics developed in 2014.
- Development of collateral material to describe the accomplishments of the BID over past nine years in preparation for BID renewal.
- 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.
- Special promotions or logistics support associated with the Second Hollywood Music + Arts Festival.

District Management, Policy and Administration: \$751,345.48 (19.34%)

This budget category is allocated to pay for the following items: staff payroll, payroll taxes, benefits, office expenses, legal, telephone/internet access, accounting services, business meals, travel, insurance (workers comp, general liability and directors/officers liability), dues/subscriptions, equipment/furniture, rent, and database maintenance. Funds from this category may also be used for district renewal.

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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 expired in mid-2015, and a new lease was signed for an office space at 6562 Hollywood Blvd. and commenced January 2016. Part of the increase in the administrative budget this year is due to the annual increase in rent.

A monthly legal retainer is budgeted for the Association's counsel, Jeffrey Briggs Esq. and ancillary legal expenses. This line item was also increased in 2018, to cover on-going defense costs associated with pending litigation.

In 2016, after an extensive RFP, the board moved accounting services from RBZ, LLP to Gursej Schneider, LLP. The annual financial review and tax return will still be compiled by Fabio Vasco, CPA.

Contingency/City Fees/Reserve: \$242,577.52 (6.24%)

This budget category is for "non pay" of assessments and administrative fees to the City of Los Angeles for collection and distribution of the assessment revenues.

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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.

Alley Services: \$125,552.00 (Non-Regular Budget Item)

This budget item is earmarked for alley maintenance, security, and the potential purchasing of physical improvements within the assessed alleys. The assessment 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 five days a week 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.

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 basis of levying the Hollywood Entertainment District BID's annual assessment is based on three zones of benefit and one overlay sub-zone (applicable alley frontages) with differing rates depending type and frequency of special benefit services provided in that zone. Assessments are composed of 59% linear sidewalk street front footage (a property will be assessed on all sides that face the sidewalk), 28% building area, and 13 % parcel square footage. The Management District Plan allows for maximum annual assessment increase of 3%. The Board voted for no (0%) CPI increase for 2018.

2018 assessment rates:

Zone 1

Frontage \$39.10

Lot \$0.0697

Bldg \$0.1024

Zone 2

Frontage \$32.33

Lot \$0.0624

Bldg \$0.0867

Zone 3

Frontage \$27.95

Lot \$0.0545

Bldg \$0.0771

Zone A

Alley Frontage \$12.05

(There is No CPI increase for 2018)

Surplus Revenues: \$340,945.00

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. \$330,000/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: \$300.00

Estimated Bank interest income

APPENDIX A- TOTAL ESTIMATED REVENUES/EXPENDITURES FOR THE Hollywood Entertainment District BID- FY 2018

	Zone 1	Zone 2	Zone 3	Alley Zone	Total	
2018 Assessments	\$2,267,890.00	\$758,325.87	\$517,363.00	\$125,552.00	\$3,669,130.87	
Estimated Carryover from 2017	\$218,204.16	\$72,963.02	\$49,777.82	\$0.00	\$340,945.00	
Other Income	\$192.00	\$64.20	\$43.80	\$0.00	\$300.00	
Alley Services *	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Total Estimated Revenues	\$2,486,286.16	\$831,353.09	\$567,184.62	\$125,552.00	\$4,010,375.87	
2018 Estimated Expenditures						Pct.
Safety and Security	\$1,085,376.50	\$362,922.50	\$247,601.30	\$0.00	\$1,695,900.30	43.65%
Maintenance and Streetscape	\$672,000.00	\$224,701.00	\$153,299.17	\$0.00	\$1,050,000.17	27.03%
Special Projects, District-wide Improvements, Marketing and Consulting	\$92,800.00	\$31,030.00	\$21,170.40	\$0.00	\$145,000.40	3.73%
District Management, Policy and Administration	\$480,860.80	\$160,787.83	\$109,696.85	\$0.00	\$751,345.48	19.34%
Contingency/City Fees/Reserve	\$155,248.86	\$51,911.76	\$35,416.90	\$0.00	\$242,577.52	6.24%
ESTIMATED BUDGETED EXPENDITURE	\$2,486,286.16	\$831,353.09	\$567,184.62	\$0.00	\$3,884,823.87	100%
NON-REGULAR BUDGET ITEMS						
Alley Services **	\$0.00	\$0.00	\$0.00	\$125,552.00	\$125,552.00	
Total Estimated Expenditures	\$2,486,286.16	\$831,353.09	\$567,184.62	\$125,552.00	\$4,010,375.87	100%

* Non-regular revenue item

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