

CITY OF LOS ANGELES

CALIFORNIA



ERIC GARCETTI
MAYOR

OFFICE OF
CITY CLERK
NEIGHBORHOOD AND BUSINESS
IMPROVEMENT DISTRICT DIVISION

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MIRANDA C. PASTER
ACTING DIVISION HEAD

June 20, 2014

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

Council District 13

REGARDING: THE HOLLYWOOD ENTERTAINMENT DISTRICT (PROPERTY-BASED) BUSINESS IMPROVEMENT DISTRICT'S 2014 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") 2014 fiscal year (CF 11-0550). 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 Hollywood Entertainment District Business Improvement District's Annual Planning Report for the 2014 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 City Council established the District pursuant to State Law.

ANNUAL 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 the 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 District Board has made no significant changes to the 2014 budget from the 2013 budget categories. The descriptions of the budget categories have not changed from the approved Management District Plan.

The attached Annual Planning Report, which was approved by the District's Board at their November 21, 2013 meeting, 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 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

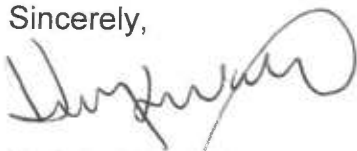
There is no impact to the General Fund associated with this action.

RECOMMENDATIONS

That the City Council:

1. FIND that the attached Annual Planning Report for the Hollywood Entertainment District Business Improvement District's 2014 fiscal year complies with the requirements of the State Law.
2. ADOPT the attached Annual Planning Report for the Hollywood Entertainment District Business Improvement District's 2014 fiscal year, pursuant to the State Law.

Sincerely,



Holly L. Wolcott
Interim City Clerk

HLW:MCP:RMH:rks

Attachment: Hollywood Entertainment District Business Improvement District's 2014 Fiscal Year Annual Planning Report

Hollywood
Property Owners
Alliance

John Tronson
President
Avison Young

John Lyons
Vice President
Avalon Hollywood

Drew Planting
Treasurer
GPI

Jan Martin
Secretary
AMDA

David Benavente
Shine America

Leslie Blumberg
The Fonda

Charlie Colletta
HEI, LLC.

Joseph D'Amore
CRC Entertainment Inc.

Mark Echeverria
The Musso & Frank Grill

Michael Gargano
Argent Ventures, LLC

David Green
Nederlander
West Coast

Galo Medina
Comprehensive
Financial Services

Don Mushin
Hollywood Toyota

Frank Stephan
Clarett West
Development

Mark Stephenson
Hollywood United
Methodist Church

Monica Yamada
CIM Group, Inc.

Kerry Morrison
Executive Director



Hollywood Property Owners Alliance
1680 Vine Street, Suite 414
Hollywood, CA 90028
phone 323 463 6767 fax 323 463 4229

April 21, 2014

Mr. Rick Scott
Special Assessment Section
Office of the City Clerk
200 N Spring St. Rm 224
Los Angeles, CA 90012

Attachment 2

Subject: Annual Planning Report for Hollywood Entertainment District (revised)

Dear Mr. Scott

Enclosed please find the 2014 Planning Report for the Hollywood Entertainment District (HED) Business Improvement District. This report satisfies the requirements of the contract between the Hollywood Property Owners Alliance and the City of Los Angeles.

The Board of Directors for the Hollywood Property Owners Alliance approved the detailed program plan and budget for the 2013 operational year for the HED at their November 21, 2013 meeting. As you will see from the report, no significant changes are anticipated to the programs and services provided to the assessment paying stakeholders within the boundaries of the HED.

The report was subsequently modified to respond to specific requests from your office to align the budget categories described in the 2014 budget to the original Management District Plan. We also have provided a breakdown of revenues and expenditures by zone, per your request.

Thank you for all the assistance you have provided to the Hollywood Property Owners Alliance in the past year. Please let us know if there is any additional information you require.

Sincerely,

Kerry Morrison
Executive Director
Hollywood Property Owners Alliance

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2014 Planning Report
Hollywood Entertainment District Business Improvement District
Year VI

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 21, 2013 meeting:

Program	Management Plan		2014 Budget	
Safety & Security	1,593,041	48.48%	1,633,020	46.25%
Maintenance & Streetscape	846,303	25.76%	966,930	27.38%
Special Projects/ Marketing & Consulting	109,522	3.33%	119,639	3.39%
District Management	524,708	15.97%	614,141	17.39%
Contingency/Fees/Reserve for Non Pay	212,074	6.45%	197,195	5.58%
Budget Subtotal	3,285,648	100%	3,530,925	100%
Alley Assessment	135,000		137,016	
Total	3,420,648		3,667,941	

Please refer to Attachment A for a detailed analysis of revenue and expenditures by zone.

A. Summary: 2014 Operating Budget - Gross Assessment Billings = \$3,495,098

- This year, no CPI inflator was instituted by the HPOA Board of Directors.
- The revenue is predicated upon private assessment payments of \$3,101,583.86 and government/direct assessments of \$393,514.97.
- The revenue budget is further adjusted by the following factors: (a) the anticipated cash roll-over from 2013 is estimated at \$200,000; (b) modest interest revenue of \$1,000.

B. Security Program - \$1,633,020 or 46.25% 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 496 hours per week plus 79.2 hours for the Director, Assistant Director, and Dispatcher.
- This accommodates seven officers on Monday, eight officers a day Tuesday through Saturday, and six Officers on Sunday. Additionally two public safety officers are deployed in the District 8 hours a day, six days a week.
- On Saturday, one footbeat will represent a pairing of one officer from Hollywood and the second from the Sunset & Vine BID.
- 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 is now housed at the LAPD sub-station at Hollywood & Highland and rent is underwritten by property owner CIM Group. Owing to the program management contract that the HPOA has negotiated with the Central Hollywood Coalition, to manage the Sunset & Vine BID, all security supervision and administrative costs are shared 66% HED and 34% SVBID.

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 property owners in the District. The maintenance contract amounts to \$3,128/month to support these cameras. The camera vendor is Metro Video Systems in El Segundo. This year the Board will be voting to possibly approve the upgrade of the system installed at the LAPD station. The cost of the system is estimated to be around \$100,000. If this expenditure is approved the board will forego the 2014 maintenance contract as the new system would include a one year warranty.

Finally, a monthly retainer with Accendo FM, a company which provides and maintains the Accendo 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.

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, and quality of life issues.

C. Maintenance - \$966,930 or 27% 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, which last awarded a contract to CleanStreet in 2008. The core services contract, which amounts to \$885,000, is currently being bid out through a formal Request for Proposal process. (For budgeting purposes, \$891,930 has been set aside for a maintenance contract.) Because the new contract will be negotiated after the submission of the report, the service array below is predicated upon current services provided.

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.
- Polish all brass medallions on all stars 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 \$75,000 in funds will be set aside for maintenance and landscaping related services, at the discretion of the Streetscape Committee. The types of projects to be addressed this coming year will include: landscaping the median at Hollywood and La Brea; tree trimming; tree watering; tree replacement; and minor infrastructure repairs, lights, etc.

D. Special Projects/Marketing and Consulting - \$119,639 or 3.4% 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 \$71,000 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).

Last year, after a competitive bidding process, the board engaged the services of a three-person team, Haines & Co, to guide our media relations and to create a strategic blueprint for positive communications on behalf of the property owners. Their contract expires in April, and the board will be given the opportunity to continue their services for an additional term. 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, six 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 with consideration given to an overhaul of the web-presence to integrate all the web-based communications into one portal (website, Hollywood HQ, Navigate Hollywood, Twitter, etc.).
- 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 - \$614,141 or 17% 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. Because of the management contract between HPOA and the CHC, administrative and office expenses are allocated 26% to Sunset & Vine, and 74% to Hollywood.

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

F. City Fees, Contingency and Delinquencies - \$197,195 or 6% 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 - \$137,016

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 2013 as show in Attachment A.

4. Assessments levied upon parcels.

A. Assessment Rates

The assessment rates for the 2013/14 tax year are the following:

Type	Zone 1	Zone 2	Zone 3	Alley
Street Frontage	38.72	32.01	27.67	
Land Area	.0690	.0618	.0540	
Building Area	.1014	.0858	.0764	
Alley Frontage				11.93

B. Assessment roll

Please refer to Attachment B for a detailed list of all assessments as applied to each parcel for the 2013/14 tax year.

Appendix A
2014 Revenues Expenditures by Zone

2014 ESTIMATED REVENUE	Zone 1	Zone 2	Zone 3	Total
2014 Assessment Revnue	1,817,757	909,031	768,310	3,495,098
Interest Income from Bank	520	260	220	1,000
Interest Income from County & City	0	0	0	0
Roll-over from 2013	104,018	52,018	43,965	200,000
	1,922,294	961,309	812,494	3,696,098
2014 ESTIMATED EXPENSES (Detail)	Zone 1	Zone 2	Zone 3	Total
<i>Safety and Security</i>				
Security Patrol	688,540	496,382	373,079	1,558,000
Security Contingency	33,154	23,902	17,964	75,020
				1,633,020
<i>Maintenance and Streetscape</i>				
Maintenance contract	570,551	154,599	166,779	891,930
Landscape, furniture, fixtures	48,000	12,750	14,250	75,000
				966,930
<i>Special Projects, Marketing & Consulting</i>				
Marketing Activities	26,101	11,351	11,186	48,639
Consulting	38,101	16,570	16,329	71,000
				119,639
<i>District Management, Policy & Administration</i>				
Accounting	29,012	12,357	12,357	53,726
Business Meals	2,619	1,116	1,116	4,850
Dues/Subscriptions/Books	2,158	919	919	3,996
Insurance	18,900	8,050	8,050	35,000
Health Insurance	15,150	6,453	6,453	28,056
Legal	6,480	2,760	2,760	12,000
Office Expenses	5,854	2,493	2,493	10,840
Telephone	4,795	2,042	2,042	8,880
Travel	3,478	1,481	1,481	6,440
Misc	1,598	681	681	2,960
Office expense - furniture	1,620	690	690	3,000
Office expense - equipment	1,998	851	851	3,700
Rent	23,004	9,798	9,798	42,600
Salaries & Payroll Services	181,818	77,441	77,441	336,700
Payroll Taxes	13,818	5,885	5,885	25,589
401k expenses	6,810	2,901	2,901	12,612
temp/intern expense	12,524	5,334	5,334	23,192
				614,141
<i>Contingency, City Fees, Reserve for Non-Pay</i>				
City Fee	18,874	8,039	8,039	34,951
Contingency	30,991	13,200	13,200	57,391
Delinquency	56,621	24,116	24,116	104,853
	1,842,568	902,160	786,195	197,195
				3,530,925
Alley expense (not included in percentage or applied to a zone)				137,016
Estimated Roll Over into 2015				28,157
Total				3,696,098