

HOLLY L. WOLCOTT  
CITY CLERK

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SHANNON D. HOPPE  
EXECUTIVE OFFICER

# City of Los Angeles

CALIFORNIA



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January 24, 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 2017 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") 2017 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 2017 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 17, 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 Hollywood Entertainment District Business Improvement District's 2017 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 2017 fiscal year, pursuant to the State Law.

Sincerely,



Shannon D. Hoppes  
Executive Officer

Attachment:

Hollywood Entertainment District Business Improvement District's 2017 Fiscal Year Annual Planning Report

January 20, 2017

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

Subject: Hollywood Entertainment District 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 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 17, 2016.

This report covers proposed activities of the Hollywood Entertainment District BID from January 1, 2017 through December 31, 2017.

Sincerely,

*Kerry H. Morrison*

Kerry Morrison  
Executive Director  
Hollywood Property Owners Alliance (HPOA)

# Hollywood Entertainment District Business Improvement District

2017 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 2017 Fiscal Year. The District Board of Directors approved the 2017 Annual Planning Report at the November 17, 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: \$1,735,899.72 (44.78%)**

The service provides for deployment of security officers (armed and/or unarmed), office space, training, overtime and court pay, vehicles, homeless outreach activities, video surveillance cameras and maintenance and related services.

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 424 hours per week for armed officers plus sergeants; 80 hours for public safety officers (unarmed), 105.5 hours for the Director, Assistant Director, Administrative Assistant, 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 eight hours a day, five days a week.
- The deployment schedule is always subject to change at the discretion of the Security

Committee.

This year's security budget includes a 5% increase, in response to increasing labor costs. There has not been a CPI increase to the BID's security contract since 2013. Additionally, depending upon the results achieved from the homeless outreach pilot conducted during Q4 2016, a portion of the patrol budget may be deployed 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 nine 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 ninth camera in 2015 and installed it at Hollywood/Las Palmas to further the coverage of the District. The camera maintenance contract, which commenced on September 1, 2015, has increased to approximately \$3,600/month to support nine total cameras. The ninth camera was previously under warranty and was included in the maintenance plan beginning September 1, 2016. The camera vendor is Metro Video Systems in El Segundo. The board has also increased the security contingency this year to purchase another surveillance camera for Hollywood Boulevard at the request of the Los Angeles Police Department.

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: \$1,064,096.02 (27.45%)**

Provides a daily service throughout the district including sidewalk pressure washing, street sweeping, trash and graffiti removal, landscape maintenance, storm drain cleaning, tree trimming and star polishing. Services are zone-specific. Also includes expenditures for ongoing maintenance of streetscape elements not maintained by city including Star Trackers, non-standard street/sidewalk lighting, trash receptacles, related sidewalk fixtures and holiday lights, unless funds are available through Special Projects accounts.

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 contract, which is shared with the neighboring Sunset and Vine BID, was

awarded to Streetplus in September of 2016. This occurred after the BID's previous vendor, CleanStreet, was removed in an effort to upgrade systems, efficiencies, accountability, and the use of technology. The core services contract amounts to \$875,000 annually, which is less than the prior vendor. The board has set aside these savings to be used to purchase additional services (such as pressure washing, etcetera) on an as needed basis.

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 addition, this year, approximately \$138,000 in funds will be set aside for maintenance, landscaping related services and beautification projects, apart from the core maintenance contract. Special beautification initiatives will include new landscaping, street furniture, and public art. Other large expenditures anticipated include tree trimming in Zone 1.

In 2015, additional expenses were incurred in order to house maintenance operations and supplies in an office at the city parking lot on Cherokee (formerly housed at a LAUSD parking lot for no rent for the past 16 years). This monthly rent is now built into the budget.

**Special Projects, District-wide Improvements, Marketing and Consulting: \$145,000.00 (03.74%)**

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 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 second Hollywood Music + Arts Festival, 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](http://www.hollywoodbid.org) and [www.onlyinhollywood.org](http://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: \$693,571.01 (17.89%)**

Provides for office expense, legal, accounting, telephone, insurance, equipment, technical support, city fees, travel, meals, meetings, etc. Includes staff, payroll taxes, benefits.

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 increase in rent.



A monthly legal retainer is budgeted for the Association's counsel, Jeffrey Briggs Esq. and ancillary legal expenses. Last year, after an extensive RFP, the board moved accounting services from RBZ, LLP to Gursej Schneider. The annual financial review and tax return will still be compiled by Fabio Vasco, CPA.

**Contingency/City Fees/Reserve: \$238,050.00 (06.14%)**

Reserve set aside for special needs arising each year relating to security, maintenance, streetscape, special projects or marketing needs. Includes annual administrative fee to city of Los Angeles and reserve for "non pay" of assessments.

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. This year the board will also be using some of the contingency dollars to hire Urban Place Consulting to serve as its consultant for the district's 2018 BID Renewal.

**Alley Services: \$120,351.73 (Non-Regular Budget Item)**

Assessment supports graffiti abatement, periodic pressure washing; bulky item pick-up; debris sweeping; and daily security patrols. Staff assistance provided to coordinate: enhanced city service delivery; trash consolidation plans, landscaping, lighting and design.

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. The service provider for alley maintenance is Streetplus.

**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 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 Board voted for no (0%) CPI increase for 2017.

2017 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 2017)**

**Surplus Revenues: \$385,700.00**

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 (Nov 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. \$330,000/month, and this mitigates against have to secure a line of credit to start the New Year. It is anticipated 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: \$300.00**

Anticipated bank interest income

**APPENDIX A- TOTAL ESTIMATED REVENUES/EXPENDITURES FOR THE Hollywood Entertainment District BID- FY 2017**

	<b>Zone 1</b>	<b>Zone 2</b>	<b>Zone 3</b>	<b>Alley Zone</b>	<b>Total</b>	
<b>2017 Assessments</b>	\$2,229,522.00	\$764,648.17	\$496,449.50	\$120,351.73	<b>\$3,610,971.40</b>	
<b>Estimated Carryover from 2016</b>	\$246,615.62	\$82,625.09	\$56,456.37	\$0.00	<b>\$385,697.08</b>	
<b>Other Income</b>	\$191.82	\$64.27	\$43.91	\$0.00	<b>\$300.00</b>	
<b>Total Estimated Revenues</b>	<b>\$2,476,329.44</b>	<b>\$847,337.53</b>	<b>\$552,949.78</b>	<b>\$120,351.73</b>	<b>\$3,996,968.48</b>	
<b>2017 Estimated Expenditures</b>						<b>Pct.</b>
<b>Safety and Security</b>	\$1,108,868.77	\$379,427.04	\$247,603.91	\$0.00	<b>\$1,735,899.72</b>	<b>44.78%</b>
<b>Maintenance and Streetscape</b>	\$679,729.91	\$232,586.43	\$151,779.68	\$0.00	<b>\$1,064,096.02</b>	<b>27.45%</b>
<b>Special Projects, District-wide Improvements, Marketing and Consulting</b>	\$92,624.06	\$31,693.55	\$20,682.39	\$0.00	<b>\$145,000.00</b>	<b>03.74%</b>
<b>District Management, Policy and Administration</b>	\$443,043.63	\$151,598.36	\$98,929.02	\$0.00	<b>\$693,571.01</b>	<b>17.89%</b>
<b>Contingency/City Fees/Reserve</b>	\$152,063.07	\$52,032.15	\$33,954.78	\$0.00	<b>\$238,050.00</b>	<b>06.14%</b>
<b>ESTIMATED BUDGETED EXPENDITURE</b>	<b>\$2,476,329.44</b>	<b>\$847,337.53</b>	<b>\$552,949.78</b>	<b>\$0.00</b>	<b>\$3,876,616.75</b>	<b>100%</b>
<b>NON-REGULAR BUDGET ITEMS</b>						
<b>Alley Services **</b>	\$0.00	\$0.00	\$0.00	\$120,351.73	<b>\$120,351.73</b>	
<b>Total Estimated Expenditures</b>	<b>\$2,476,329.44</b>	<b>\$847,337.53</b>	<b>\$552,949.78</b>	<b>\$120,351.73</b>	<b>\$3,996,968.48</b>	<b>100%</b>

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