

October 26, 2020

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 2021 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 October 15, 2020.

This report covers proposed activities of the Hollywood Entertainment District BID from January 1, 2021 through December 31, 2021.

Sincerely,

*Kristopher Larson, President & CEO*

Kristopher Larson

HOLLYWOOD ENTERTAINMENT

# Hollywood Entertainment District Business Improvement District

2021 Annual Planning Report

**District Name**

Hollywood Entertainment District

**Fiscal Year of Report**

The report applies to the 2021 Fiscal Year. The District Board of Directors approved the 2021 Annual Planning Report at the October 15, 2020 Board of Director's meeting.

**Boundaries**

There are no changes to the District boundaries for 2021.

**Benefit Zones**

There are no changes to the District's benefit zone(s) for 2021.

**2021 IMPROVEMENTS, ACTIVITIES AND SERVICES**

**Clean, Safe & Beautification Programs: \$6,140,522.28 (75.21%)**

Enhanced Safe Programs consist of:

- Bicycle Patrol
- Vehicle Patrol
- Foot Patrol
- Homeless Programs
- Video Surveillance Cameras and Monitoring

Enhanced Clean & Beautification Programs consist of:

- Sidewalk Sweeping
- Sidewalk Pressure Washing
- Graffiti & Handbill Removal
- Gutter & Storm Drain Cleaning
- Trash Removal
- Walk of Fame Star Polishing
- Landscape Programs
- Tree Trimming
- Curb Painting
- Street Furniture Painting
- Street Furniture and Amenities
- Public Space Management

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## Place Management:

Place Management services and programs for 2021 will include Safety and Security, Cleaning and Maintenance, and Hospitality Ambassadors.

The Safety and Security program for parcels within the district includes patrol of the entire BID 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 HED, as defined by the Place Management Committee and the Board of Directors. For 2021, the HED is planning for an augmentation of uniformed, off-duty LAPD to provide armed response back-up and to facilitate arrests when warranted. 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. Additionally, the security program funds three services: security patrols, off-duty LAPD patrols, and video surveillance cameras. The primary security vendor is Andrews Global Security, and the anticipated 2021 expenditures are approximately \$2,500,000. Currently, the average patrol hours include 552 hours per week for armed officers plus sergeants; 603 hours for public safety officers (unarmed), and 180 hours for the Director, Assistant Director, Administrative Assistant, and Dispatcher. The deployment schedule is always subject to change at the discretion of the Place Management 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 ten video surveillance cameras, donated to the Los Angeles Police Department, to provide enhanced public safety services to benefit the properties in the District. In 2021, the HED intends to expand its homeless outreach services and has budgeted \$350,000 for program. An RFQ will be issued in the fall of 2020 to staff the program.

The camera maintenance contract, which commenced on September 1, 2015, is projected to be approximately \$4,200/month to support 10 total cameras. The camera vendor is Metro Video Systems in El Segundo. This is used to track security incidents and to manage the parcel database. A set-aside in the Place Management 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 Place Management Committee. Place Management Committee meetings are held in at the HED office and the full range of public safety issues are addressed, including unpermitted vending, homelessness and loitering, public urination, drinking in public, vandalism and graffiti.

The Cleaning and Maintenance 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 HED. The Cleaning and Maintenance program involves a contract with the HED's maintenance vendor, Clean Street. Services and priorities are guided by the Board of Directors and the Place Management Committee. The base contract amount for 2021 is approximately \$1.8M.

Key focus areas in 2021 included refining operational software for enhanced work order efficiencies and quality assurance, better coordination between our place management vendors, and creating a consistent look and feel for the district. 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 300 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 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.

The Hospitality Ambassador Program will be a complementary addition to the HED place management services. The program is currently budgeted to cost \$750,000 in 2021. This component is a part of the HED's shift toward a hospitality-first deployment with security for support rather than the lead. All three place management programs will be integrated into highly visible, approachable uniforms that are visible from a distance. There will be a management culture that drives home the importance of proactive, helpful engagement with the public. There will be a more noticeable presence, particularly in the periods of morning commuting. The hospitality ambassadors will strive to be seen and engage with people in the public realm. Additionally, the contracted vendor, Block by Block out of Louisville, KY, is responsible for collecting data and statistics to describe program activities and drive additional accountability. The Hospitality Ambassadors will be deployed seven days per week for 12-hours per day.

The Place Management budget also includes the true program and fixed costs for personnel, benefits, administration and overhead.

#### Place Enhancement:

In 2021, funds are allocated for maintenance and beautification projects, apart from the core maintenance contract. Major initiatives for 2021 include lighting initiatives, expanding the number of waste receptacles within the HED, and the installation of new public art projects. Other large expenditures anticipated include tree trimming, planting, and care of Hollywood's urban forest, installing holiday decorations, and ongoing maintenance costs for lighting.

The Place Enhancement budget also includes the true program and fixed costs for personnel, benefits, administration and overhead.

**Operations, Communication, City Fees & Delinquent Assessments: \$1,671,847.03**

**(20.48%)**

The improvements and activities are managed by a professional staff that requires centralized administrative support. Operations staff oversee and implement the District's services which are delivered seven days a week. A well-managed District provides necessary BID program oversight and guidance that produces higher quality and more efficient programs.

Operations staff provide Board and Committee management and administration. Operations staff ensure compliance with all City of Los Angeles contractual obligations including quarterly and annual reports. Included in this item are office expenses, legal expenses, accounting services, professional services, organizational expenses such as insurance, the cost to conduct a yearly financial review, City fees to collect and process the assessments, and a reserve for uncollectible assessments. Communications, marketing, promotion, and events are also included.

\*These percentages do not include the Alley Overlay and Tourism Overlay budgets. The Alley Overlay and Tourism Overlay budgets can be found below and in more detail on pages 22-24 of the District's management plan.

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**Communications and Engagement:**

The HED will be investing in improved communications mediums and strategies to better include and engage a broader array of stakeholders in HED activities. Examples of investments include maintaining the customer relationship management (CRM) software to better structure stakeholder relationships and supporting communications, and hosting quarterly events with area residents and other stakeholders to foster a stronger sense of community within the HED. Additional activities include the production and distribution of a newsletter, four times a year, intended primarily for HED 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.hollywoodpartnership.org](http://www.hollywoodpartnership.org). Finally, the organization plans to develop collateral materials to describe the accomplishments of the BID as envisioned in the Hollywood in Focus strategic plan, social networking initiatives and HED promotion, plus the creation of collateral materials to support the media relations efforts.

The Communications and Engagement budget also includes the true program and fixed costs for personnel, benefits, administration and overhead.

**Economic Development:**

At the recommendations of the Advocacy and Economic Development Committee, the HED economic development team fulfills the role of leading, managing, or collaborating on initiatives, issues, and programs related to the HED's concentrations in economic development, governmental relations, research, media relations concerning planning and

economic development, and stakeholder outreach. To accomplish this, the professional staff will continue to develop familiarity with local, regional and national resources in commercial real estate and urban development that can provide reliable sources of research data and related information that supports economic development in the area. Additionally, they will conduct primary research, track market data, and maintain databases (\$14,175) on Hollywood that will support the marketing of office, residential and retail space within the HED and other advocacy initiatives intended to improve and benefit the community. The retail repositioning strategy program (\$35,000) will develop and implement a strategic action plan that will stabilize and improve the composition of the area's different storefront clusters. Complementary to the retail repositioning strategy, the team will embark on targeted retail recruitment activities and web tools to engage with site selectors and businesses interested in expansion (\$10,000). Staff will support the retention of existing businesses by funding to support 3-5 interventions to improve aesthetic challenges due to storefront vacancy (\$15,000) and indirect support for business owners through various retention and expansion efforts (\$10,000). Investments also include the deployment of additional pedestrian counters within the HED (\$11,750) to support retail leasing activities and infrastructure design and decision making. Work products will include an annual State of Hollywood and quarterly market reports (\$28,500) and conducting tours with area real estate professionals (\$4,000) to help market available retail and office space to support area economic development.

The Economic Development budget also includes the true program and fixed costs for personnel, benefits, administration and overhead.

#### General Administration:

This budget category is allocated to pay for the following items not allocated to program areas: 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. 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. The lease for the current office space at 6562 Hollywood Blvd. commenced January 2016. A two-year lease extension will be executed to continue operating in the current space after the February 2021 commencement date. 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 is \$30,000 for 2021 to cover on-going defense costs associated with litigation. The accounting services contract with Gurseyschneider, LLP was extended to 2021 for one year. The annual financial review and tax return will still be compiled by Fabio Vasco, CPA. There is currently one professional agreement in place with Computer Physicians – monthly retainer to maintain the HPOA's computers and server (approx. \$7,000/year).

The General Administration budget also includes the remaining, unallocated costs for personnel, benefits, administration and overhead.

Contingency/City Fees/Reserve:

This budget category is primarily for "non pay" of assessments and administrative fees to the City of Los Angeles for collection and distribution of the assessment revenues. Each year, the city levies a fee equal to half of 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 to remove those funds from the net operating budget. This year, the Board is budgeting for delinquency in the amount of \$200,000, or approximately 2.8% of the general assessment roll. The contingency budget (\$25,000) 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. Given the uncertainty of assessment collection in 2021 due to the world-wide pandemic, the Board has not allocated an additional \$127,865 in the event that delinquencies exceed budget.

**Alley Overlay Program: \$90,132.40 (1.10%)**

Programs within the Alley Overlay consist of:

- Safety Patrols
- Graffiti Removal
- Debris Removal
- Pressure Washing

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In the alleys, the HED provides monthly power-washing and weekly cleaning services. The Alley maintenance line 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.

**Tourism Overlay Program: \$261,690.00 (3.21%)**

Programs within the Tourism Overlay consist of:

- Enhanced Safety
- Enhanced Maintenance, Beautification and Streetscape
- Enhanced Marketing, Special Events and Promotional Activities
- Tour Bus Management and Related Facilities
- Special Signage and Wayfinding
- Enhanced Decorations and Lighting
- Regulation Related Activities
- Capital Projects

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The TDOZ, which is governed by a bylaw-enabled steering committee, invests in services such as enhanced security and cleaning and other improvements and services intended to improve the public experiences with the high visitor activity zone.

### **Total Estimate of Cost for 2021**

A breakdown of the total estimated 2021 budget is attached to this report as **Appendix A**.

### **Method and Basis of Levying the Assessment**

The basis of levying the proposed Hollywood Entertainment District renewal BID's annual assessment is based on four (4) zones of benefit with differing rates depending on type and frequency of special benefit services provided in that zone and two (2) Overlay Zones. Assessments are composed of three (3) property variables: linear street front footage (50%), parcel square footage (20%), and building square footage (30%) and front footage only in the overlay Zones.

2021 assessment rates:

Zone 1

Frontage 56.5233

Lot 0.1364

Bldg 0.0849

Zone 2

Frontage 33.2694

Lot 0.0781

Bldg 0.1027

Zone 3

Frontage 17.9723

Lot 0.1286

Bldg 0.1381

Zone 4

Frontage 5.5518

Lot 0.0659

Bldg 0.1705

Zone A

Alley Overlay 7.8038

Tourism Overlay

Area A 65.9672

Area B 36.8598

**(There is No CPI increase for 2021)**

**Surplus Revenues: \$787,949.00**

\$426,259 – General Assessment Carry Forward:

The roll-over results from several sources: public art programs, two-month delay of the hospitality ambassador program launch and permanent delay of the public relations contract due to the pandemic, key personnel positions remaining unfilled for half of the year, advocacy and economic development projects, and turnover within the HPOA's security vendor. The media relations RFP process was permanently cancelled once the public health crisis occurred, resulting in a surplus of \$20,000. A key operations role remained unfilled for 3 months even though it was included in the budget beginning in 2020. This resulted in a total of \$20,000 in savings from expected expenses related to salary, health insurance premiums, payroll taxes and 401K contributions. A key role on the advocacy and economic development team remained unfilled until the 4th quarter even though it was included in the budget beginning in 2020. This resulted in a total of \$56,000 in savings from expected expenses related to salary, health insurance premiums, payroll taxes and 401K contributions. These rollover sources originated from the "Operations, Communication, City Fees & Delinquency" budget categories.

As allowed under the HED's MDP, the 2021 budget is adjusted to accommodate the \$25,000 surplus being carried forward for investments in beautification programs for public art. Due to the pandemic and complications of hiring, on-boarding, and training, the hospitality ambassador program planned launch was delayed by two months resulting in a surplus of \$125,000. Due to the 4th quarter hire of the VP, Advocacy & Economic Development position, programs slated for 2020 resulted in a \$60,259 surplus. Finally, the billing based on actuals from the security vendor is projected to close the year with a surplus of approximately \$120,000. This line item variance is due to unfilled shifts related to the pandemic. Security services were provided to each of the parcels within the District according to the level of special benefits conferred within each of the MDP's four (4) zones. As such, services to the assessment payers were not disrupted as a result of the anticipated rollover. The 2021 HPOA budget incorporates the rollover as part of the operating budget to be invested in services consistent with the MDP that provide special benefits to the parcels. The remaining carry forward amount of \$401,259 will be spent down in 2021 through the continuation of programs and services for the safety and security program, cleaning and maintenance, beautification efforts, advocacy and economic development, and communication services. Part of this amount will be contributed to the full operating year of services of the hospitality ambassador program (\$296,259), the allocation to support the Hollywood 4WRD homeless services coordination (\$50,000), retail repositioning strategy program (\$35,000), and continuation of the media relations RFP and vendor selection process (\$20,000).

\$261,690 - TDOZ Carry Forward:

The Tourism District Overlay Zone (TDOZ) Committee developed a capital improvements budget that will exceed any single year amount of assessments collected. Examples of such improvements include special tourism-related signage that will advise visitors of area regulations, a visitor center, lighting projects, and integrated security camera array. Due to the pandemic, the TDOZ Committee recommended to cease all supplement programmatic activities (additional clean / safe in response to the decrease in tourism) for the remainder of the year. With the cessation of services, it would enable the TDOZ to accomplish programmatic priorities of 2021 as planned & budgeted, with service levels then reflecting a return of the tourism economy. As stated in the Management District Plan on page 24: “Tourism Overlay funds may be accumulated over multiple years to pay for capital improvements within the Tourism Overlay.” Page 34 also states “any Tourism Overlay annual surplus funds will be rolled into the following year’s Tourism Overlay budget for use within that specific Overlay. Tourism Overlay funds may be rolled over multiple years to pay for capital improvements.”

\$100,000 – Delinquent 2020 Assessment Collections

The delinquent assessment revenue from 2020 is expected to be received at an undetermined date in 2020. This amount of \$100,000 is reported as carryover from 2020, however it is not cash on hand.

### **Anticipated Deficit Revenues**

There are no deficit revenues that will be carried over to 2021.

### **Contribution from Sources other than assessments: \$246,151.67**

\$243,898.36 – General Benefit allocated to Benefit Zones 1-4

\$2,253.31 – General Benefit allocated to Alley Zone

Contribution from Sources other than assessments:

\$500 – Estimated Bank interest income

**APPENDIX A- TOTAL ESTIMATED REVENUES/EXPENDITURES FOR THE Hollywood Entertainment District BID- FY 2021**

	<b>Zone 1</b>	<b>Zone 2</b>	<b>Zone 3</b>	<b>Zone 4</b>	<b>Alley Overlay</b>	<b>Tourism Overlay</b>	<b>Total</b>	
<b>2021 Assessments</b>	\$3,817,814.17	\$2,107,902.33	\$992,513.65	\$123,981.80	\$87,879.09	\$0.00	<b>\$7,130,091.04</b>	
<b>Estimated Carryover from 2020</b>	\$284,179.86	\$157,877.70	\$73,676.26	\$10,525.18	\$0.00	\$261,690.00	<b>\$787,949.00</b>	
<b>Other Income</b>	\$123,944.38	\$66,211.49	\$48,893.61	\$4,848.88	\$2,253.31	\$0.00	<b>\$246,151.67</b>	
<b>Total Estimated Revenues</b>	<b>\$4,225,938.41</b>	<b>\$2,331,991.52</b>	<b>\$1,115,083.52</b>	<b>\$139,355.86</b>	<b>\$90,132.40</b>	<b>\$261,690.00</b>	<b>\$8,164,191.71</b>	
<b>2021 Estimated Expenditures</b>								<b>Pct.</b>
<b>Clean, Safe &amp; Beautification Programs</b>	\$3,321,587.59	\$1,832,945.33	\$876,455.65	\$109,533.71	\$0.00	\$0.00	<b>\$6,140,522.28</b>	<b>75.21%</b>
<b>Operations, Communication, City Fees &amp; Delinquent Assessments</b>	\$904,350.82	\$499,046.19	\$238,627.87	\$29,822.15	\$0.00	\$0.00	<b>\$1,671,847.03</b>	<b>20.48%</b>
<b>Alley Overlay Program</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$90,132.40	\$0.00	<b>\$90,132.40</b>	<b>1.10%</b>
<b>Tourism Overlay Program</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$261,690.00	<b>\$261,690.00</b>	<b>3.21%</b>
<b>Total Estimated Expenditures</b>	<b>\$4,225,938.41</b>	<b>\$2,331,991.52</b>	<b>\$1,115,083.52</b>	<b>\$139,355.86</b>	<b>\$90,132.40</b>	<b>\$261,690.00</b>	<b>\$8,164,191.71</b>	<b>100%</b>