



Board of Directors

Special Meeting Agenda

6/01/21, 2:00-3:00PM

Location (Meeting ID): 896 4698 7529

Link: <https://hollywoodpartnership.zoom.us/j/89646987529>

Phone Number: +1-669-900-9128,,89646987529#

MISSION: To enhance the appeal, vitality, and well-being of the Hollywood community from the ground up.

VISION: HOLLYWOOD: Where Experiences Exceed Expectations

TIME	ITEM	SPEAKER
1	2:00 Call to Order	Planting
2	2:02 Roll Call	Clemmer
3	2:04 Public Comment	Planting
4	2:07 2022 Assessment Rate Action: Approve 2022 HED19-28 Assessment Rate	Larson
5	2:47 New Business	Planting
6	2:50 Adjourn	Planting
Next Hollywood Partnership Board Meeting: June 17, 2021 4-6PM		

For more information, contact The HP Staff at 323-463-6767. As a covered entity under Title II of the Americans with Disabilities Act, organizations that contract with the City of Los Angeles do not discriminate on the basis of disability and upon request will provide reasonable accommodation to ensure equal access to its programs, services, and activities. Sign language interpreters, assisted listening devices, or other auxiliary aids and/or services may be provided upon request. To ensure availability of services, please make your request at least 3 business days (72-hours) prior to the meeting by contacting the office of The Hollywood Partnership at 323-463-6767.

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Hollywood, CA 90028

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www.hollywoodpartnership.com
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May 14, 2021

TO: Board of Directors
FROM: Kristopher Larson, AICP
President & CEO
SUB: 2022 HED 19-28 & TDOZ Assessment Rates

Pursuant to requirements from the City of Los Angeles, the HPOA Board of Directors must submit any increases to assessment rates for 2022, plus the final assessment roll, by June 1st.

The HED 19-28 Management District Plan permits The Hollywood Partnership (The HP) Board to adjust the 2022 rates by an amount that can range from 0.0% - 3.0%. For 2022, each 1% of rate increase would yield approximately \$73,000 of increased revenue. Rate increases are one method for growing the organization's budget to keep up with increasing labor and material costs, inflation, or desires for increases in service levels. Additional methods could include budget growth through net increases in building square footage, securing non-assessment revenues, contracting for service, etc. The table below includes the historical rates increases for decisions made in years 2006-2021. There were no adjustments considered in 2018 due the pending BID renewal and merger with the Sunset & Vine BID in 2019 (SVBID).

	HED	SVBID
2006	3%	n/a
2007	3%	3%
2008	0	3%
2009	0	0
2010	1.3%	0
2011	0	0
2012	0	2%
2013	0	1%
2014	1%	1%
2015	0	0.5%
2016	0	1.7%
2017	0	1.5%
2019	NEW BID	N/A
2020	1%	N/A
2021	0%	N/A



For purposes of comparability, the following table provides a sampling of other major BIDs throughout the Los Angeles region and the assessment rates they have / will adopt for 2022.

	2020	2021	2022
Downtown LA	0	0	3.50%
Westwood Village	2%	0	5%
South Park	N/A	0	3%
Fashion District	2.5	0	3-5%
Long Beach	N/A	0	3%
Hollywood	1%	0	TBD

Revenue Considerations:

District Investment

Staff has completed its survey of the development pipeline and corresponding built environment changes since the submittal of the 2021 assessment roll. In total, it is expected that three or four new developments will be eligible for assessment on the 2022 roll, resulting in approximately \$14,962 – \$33,283 depending on the timing of issuance of temporary certificates of occupancy which are required before a building will become subject to BID assessments. Additionally, five properties which were direct billed for partial assessments will become fully assessed. That will increase the assessment roll by \$69,660. Combined with the new development, the total ranges from \$84,622 – \$102,943 in additional revenue for 2022 relative to 2021.

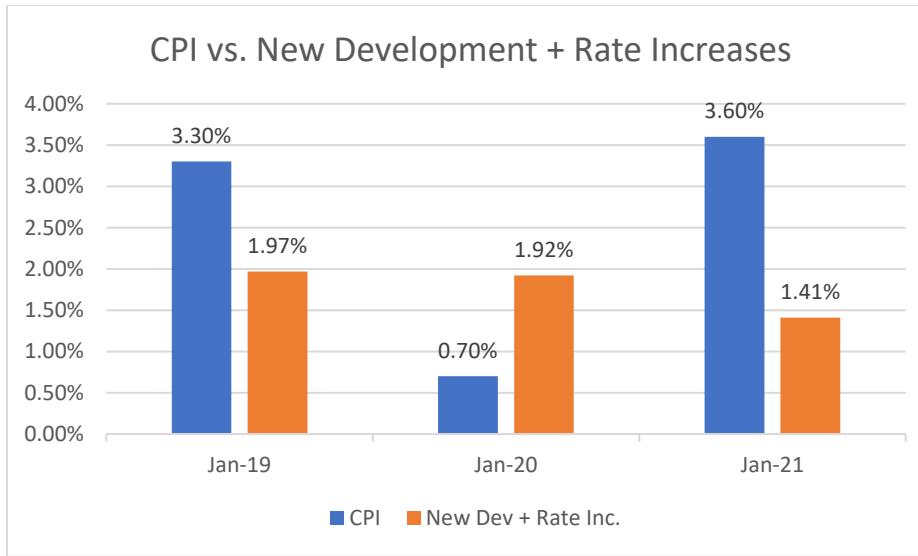
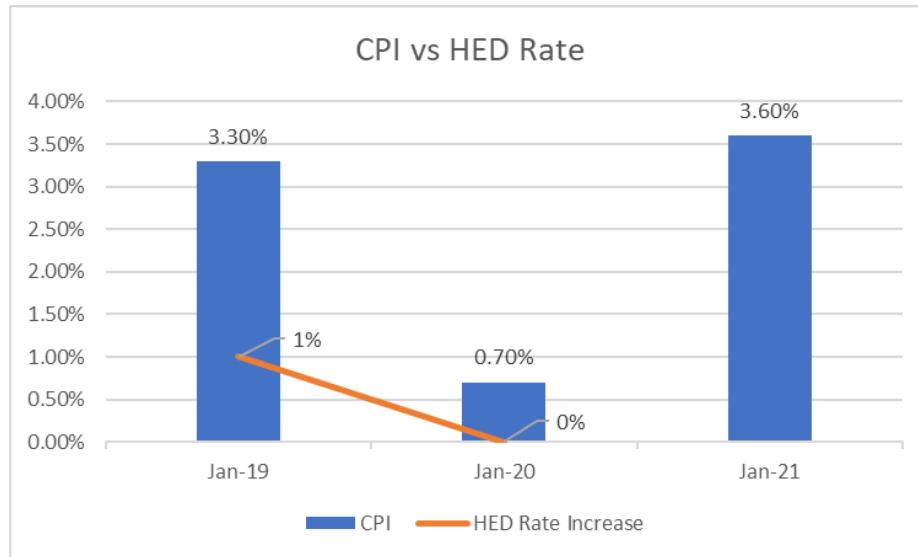
Reduced Carry-Forward

As shown on The HP's adopted budget, the organization entered the 2021 fiscal year with a carry-forward of \$426,259. This amount was comparable to the carry-forward into 2020 of \$480,192. However, the 2021 budget and corresponding service levels result in a planned carry-forward into 2022 of only \$127,865. Current staff projections (following Q1) forecast a higher carry forward of \$275,000. However, the reduction results in approximately \$205,000 of less revenue available in 2022 to maintain service level and investment priorities.

Expenditure Considerations:

Consumer Price Index (CPI) Changes

The Bureau of Labor Statistics has determined that the CPI for the Los Angeles-Long Beach-Anaheim region has increased by 3.6% from a year ago. These figures were updated on May 14, 2021 to reflect April 2020-April 2021 CPI changes. The next page includes charts that compares the assessment rate changes since the renewal relative to CPI growth, plus assessment rates + new development vs. CPI.



Contractual / Labor Cost Increases

The HPOA's two largest contracts – clean and safe – are both in year 3 of their current term and scheduled for competitive bidding later in 2021. As currently structured, the safety / security contract included a built-in escalator of 3%, and the cleaning contract included an escalator tied to CPI but

only with Board approval. If the two contracts were continued with the current rate escalation methodology intact and the Clean increase was supported by The HP Board, the combined cost increase would be \$153,600 for 2022. Acknowledging that 2021 is a bidding year for the contracts, and that the current vendors are priced competitively for the services rendered, this analysis can only assume that \$153,600 is a fair estimate for escalation in maintaining services in 2022 at the 2021 level.



Additionally, the increase in the City of LA's "living" wage rates has resulted in hiring pressures for the organization's field operations vendors. Combined with the higher unemployment benefits available during and since the onset of the pandemic, vendors must offer more competitive wages to attract and retain quality personnel. The following table illustrates the living wage schedule for the City of LA. Since the HED's renewal in 2018, the living wage has increased by 12%.

Effective Dates	Cash Wage + Health Benefits (HB)	Full Cash Wage
July 1, 2021 - June 30, 2022	\$15.00 + \$1.25 per hour in HB	\$16.25 per hour
July 1, 2020 - June 30, 2021	\$15.00 + \$1.25 per hour in HB	\$16.25 per hour
July 1, 2019 - June 30, 2020	\$14.25 + \$1.25 per hour in HB	\$15.50 per hour
Oct 15, 2018 - June 30, 2019	\$13.25 + \$1.25 per hour in HB	\$14.50 per hour

There are also escalators built into office rent (3%) and for the building on Cherokee (2.5%) which serves as the HQ for the clean team. Combined with budgeting for a 3% increase for office staff, the organization will experience approximately \$186,600 in increased costs to maintain foundational services at the 2021 level.

Net Financial Impact Calculation	
Additional revenue through new development	\$102,943
Reduced carry-forward y-o-y	(\$205,000)
Operations Escalation	(\$153,600)
Budgeted personnel increases (3%)	(\$30,000)
Overhead escalation (rent, etc.)	(\$3,000)
Net impact (excluding CPI)	(\$288,657)
% increase needed to maintain current service level:	3.95%

Impact

While the final detail of how reduced revenues would impact the 2022 budget will be determined through the annual budgeting process, the table on the next page provides an example of how the cost could be spread among the organization's key goals and administration. *Included as an attachment to this memo is a chart breaking down each Board member's properties and projecting the impact of a potential rate increase on their individual tax bills.*



	0% approval	1% approval	2% approval	3% approval
Decreased Funds Avail.	288,657	215,657	142,657	69,657
Example Budget reductions				
Unarmed Security FTE	•	•	•	
Hospitality FTE	•	•	•	
Clean FTE	•			
Goal 1 Projects	••	••	••	•
Goal 2 Projects	••	••	••	•
Goal 3 Projects	••	••	••	•
Goal 4 Projects	••	••	••	•
Legal contingency	•			
Reduce staff increases	••	•	•	

Tourism District Overlay Zone (TDOZ) Assessment Changes

At their meeting on April 14th, the TDOZ Steering Committee recommended a 2022 assessment level of \$65,000 for 2020. Per The HP's bylaws, the committee's recommendation was sent to all of the property owners in the TDOZ for a weighted vote. The weight of the ballots cast voted in favor of the recommendation by a margin of 32.99% vs. 3.66%. That recommendation is now being brought to The HP Board for ratification. If approved, the TDOZ will resume assessments after approving a \$0 assessment for 2020 given the onset of the pandemic.

Other Considerations

It is impossible to ignore the economic impacts of Covid-19 on the community, nation, and globe. Many sectors have been hit hard, including commercial real estate. Between tenants going out of business, rent moratoriums, and the costs involved in investing in new systems and technologies designed to improve public health, the impacts of the last 14 months have been considerable.

Thankfully, signs of optimism and improvement abound, and the Hollywood economy is waking up. Like many of our peer BIDs around Los Angeles, it is important to visualize where our community will be seven months from now and ensure that our BID is equipped to meet the needs of Hollywood.

Recommended Actions:

- (1) Approve the assessment rate increase of 3.0% for HED 19-28 and submit the 2022 HED BID assessment roll to the City of Los Angeles.
- (2) Approve the TDOZ assessment level of \$65,000 for 2022 and submit to the City of Los Angeles.

2022 Assessment Rate

Kristopher Larson, AICP

May 20, 2021



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HIGHLIGHTS

- CAN BE INCREASED 0-3% ANNUALLY
- DECISION DUE JUNE 1st TO CITY CLERK
- 2022 ASSESSMENTS / TAX BILLS DUE
NOV 1, 2021 & Feb 1, 2022
- KEY CONSIDERATIONS:
Revenue: New development, +/- changes to carry-forward, revenue diversification

Expenditures: CPI, escalation, desired programmatic expansion / reductions

ADDITIONAL CONSIDERATIONS

Clean & Security Contracts to be bid in 2021. While wage rates will need to be competitive, overall scale of contracts TBD.

Budget Amendment process could create opportunities to reduce expenditures in 2021 to enable a larger carry-forward. *Risk: City Clerk could withhold funds.*

“Old BID” funds could substitute for certain capital expenditures (trash cans / lighting)

2020 WAS ROUGH
2021 HASN'T BEEN GREAT, EITHER

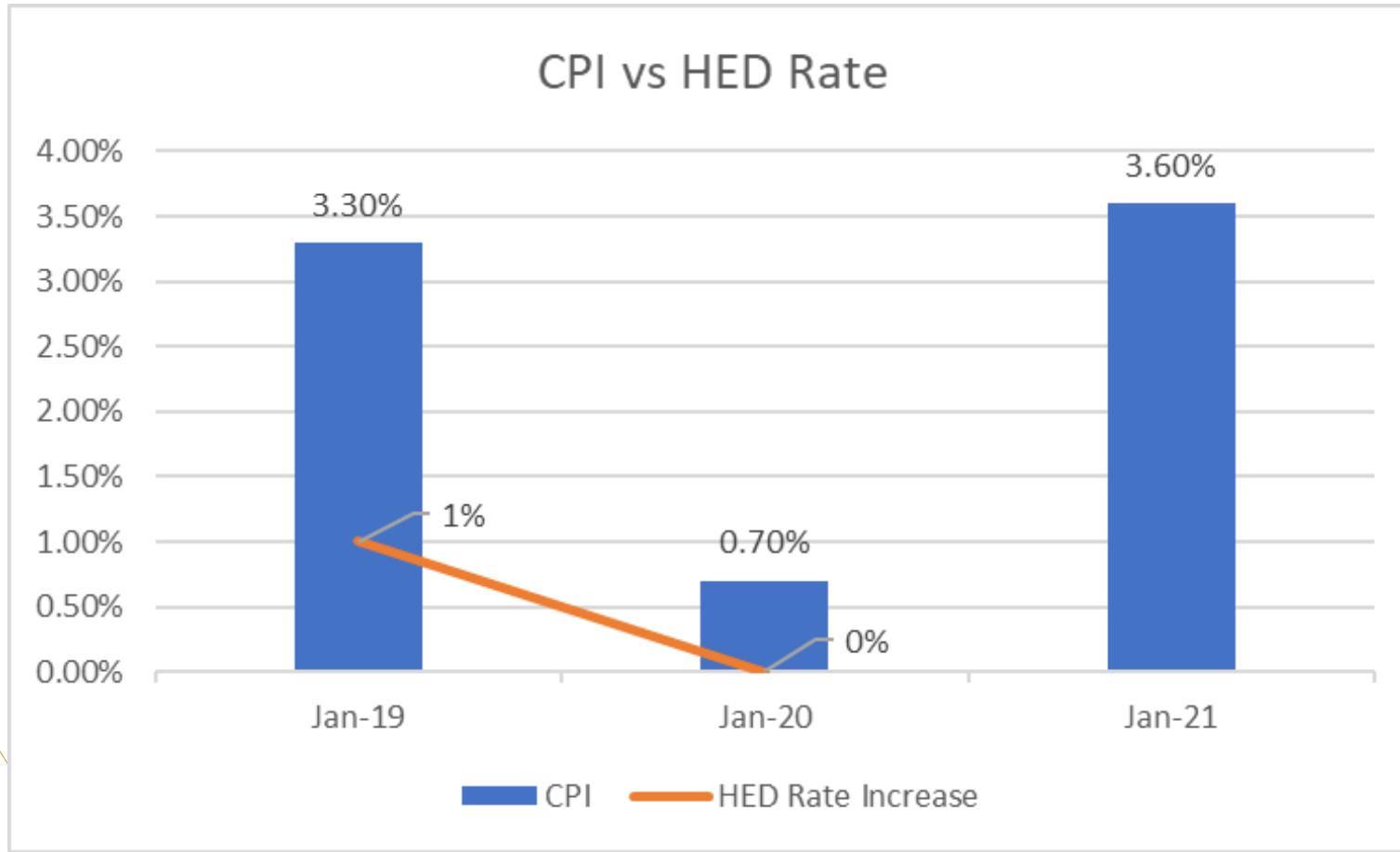
HISTORICAL INCREASES

	HED	SVBID
2006	3%	n/a
2007	3%	3%
2008	0	3%
2009	0	0
2010	1.3%	0
2011	0	0
2012	0	2%
2013	0	1%
2014	1%	1%
2015	0	0.5%
2016	0	1.7%
2017	0	1.5%
2019	NEW BID	N/A
2020	1%	N/A
2021	0%	N/A

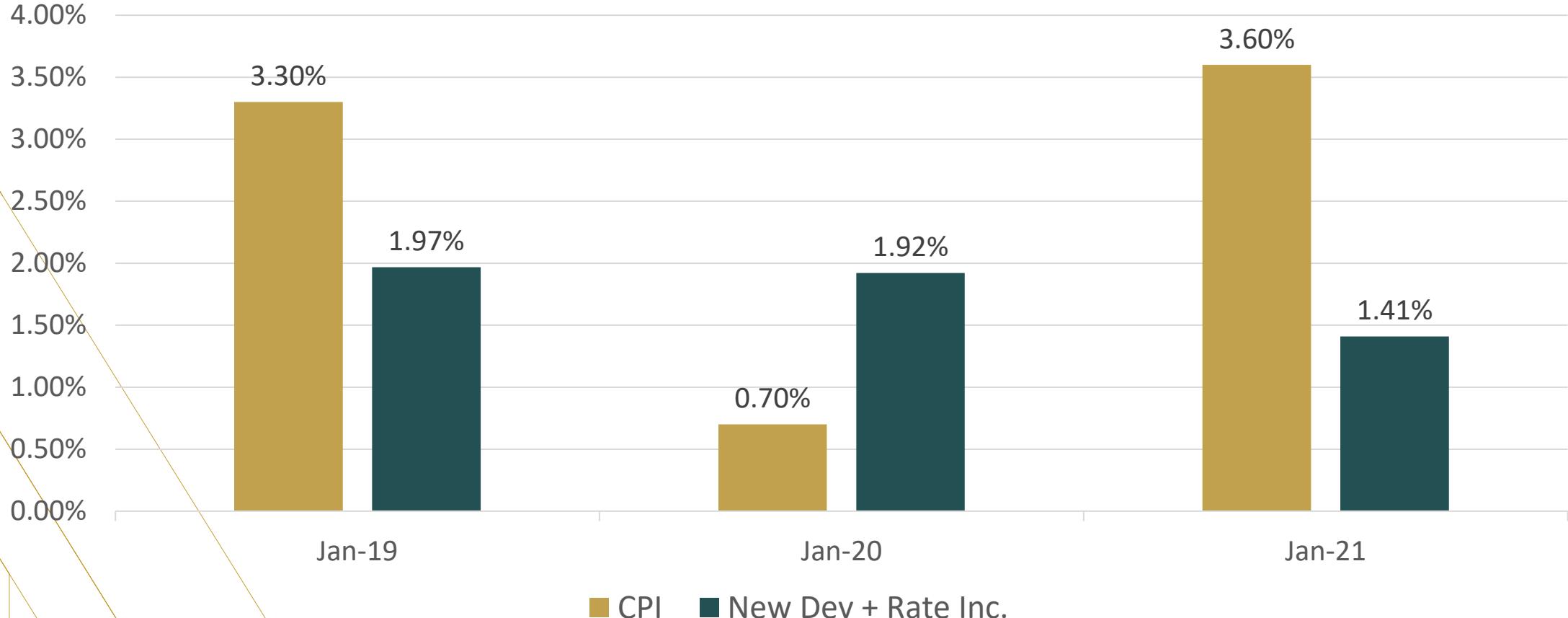
COMPARABLE BIDS

	2020	2021	2022
Downtown LA	0	0	3.50%
Westwood Village	2%	0	5%
South Park	N/A	0	3%
Fashion District	2.5	0	3-5%
Long Beach	N/A	0	3%
Hollywood	1%	0	TBD

CPI vs. Assessment Rate



CPI vs. New Dev. + Rate Increases



Net impact over 3 years = -2.3% vs. CPI (-\$167,900)

NET FINANCIAL IMPACT CALCULATION

Additional revenue through new development	\$102,943
Reduced carry-forward y-o-y	(\$205,000)
Operations Escalation	(\$153,600)
Budgeted personnel increases (3%)	(\$30,000)
Overhead escalation (rent, etc.)	(\$3,000)
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EXAMPLES FOR ABSORBING IMPACT

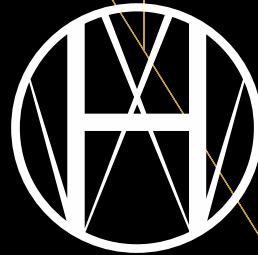
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Decreased Funds Avail.	288,657	215,657	142,657	69,657
Example Budget reductions				
Unarmed Security FTE	•	•	•	
Hospitality FTE	•	•	•	
Clean FTE	•			
Goal 1 Projects	••	••	••	•
Goal 2 Projects	••	••	••	•
Goal 3 Projects	••	••	••	•
Goal 4 Projects	••	••	••	•
Legal Contingency	•			
Reduce staff step increases	••	•	•	

Depending on outcome of assessment vote, real impacts would be determined in 2022 budget process

RECOMMENDED ACTIONS

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