

2017 Planning Report
Hollywood Entertainment District Business Improvement District
Year IX

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 17, 2016 Meeting:

Program	Management Plan		2017 Budget	
Safety & Security	1,593,041	48.48%	1,735,900	44.78%
Maintenance & Streetscape	846,303	25.76%	1,064,096	27.45%
Special Projects/ Marketing & Consulting	109,522	3.33%	145,000	3.74%
District Management	524,708	15.97%	693,571	17.89%
Contingency/Fees/Reserve for Non Pay ¹	212,074	6.45%	238,050	6.14%
Budget Subtotal	3,285,648	100%	3,876,617	100%
Alley Assessment	135,000		120,352	
Total	3,420,648		3,996,969	

A. Summary: 2017 Operating Budget is \$3,996,969

- The revenue is predicated upon private assessment payments of \$3,221,780 and government/direct assessments of \$389,191 amounting to \$3,610,971.
- The revenue budget is further adjusted by the following factors: (a) the anticipated cash roll-over from 2016 is estimated at \$385,700² (b) modest interest revenue of \$300.

¹ As of October 31, 2016, \$87,265.60 remains outstanding due to delinquencies (“reserve for non-pay”) from private and public parcels dating back to the 09/10 tax year.

² 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 (November 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 having to secure a line of credit to start the New Year. It is anticipated as the BID enters its final

B. Security Program - \$1,735,900 of 44.78% 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 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.

year, this cash management strategy will not be necessary.

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.

C. Maintenance- 1,064,096 or 27.45% of the budget

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.

D. Special Projects/Marketing and Consulting - \$145,000 or 3.74% of the 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 \$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 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.

E. Administration/Legal/Accounting - \$693,571 or 17.89% 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. 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.

F. City Fees, Contingency and Delinquencies - \$238,050 or 6.14% 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. 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.

G. Alley District Expense - \$120,352

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.

3. Revenues carried from year to year

The Operating Budget is predicated upon a carry-over of \$385,700 from 2016 (See discussion in footnote 2 on page 1).

4. Assessments levied upon parcels.

A. **Assessment Rates:** The assessment rates for the 2015/2016 year are as follows:

Type	Zone 1	Zone 2	Zone 3	Alley
Street Frontage	39.107	32.3331	27.9507	
Land Area	.0697	.0624	.0545	
Building Area	.1024	.0866	.0772	
Alley Frontage				12.0574