

Hollywood Entertainment District Business Improvement District

2020 Annual Planning Report

District Name

Hollywood Entertainment District

Fiscal Year of Report

The report applies to the 2020 Fiscal Year. The District Board of Directors approved the 2020 Annual Planning Report at the October 17, 2019 Board of Director's meeting.

Boundaries

There are no changes to the District boundaries for 2020.

Benefit Zones

There are no changes to the District's benefit zone(s) for 2020.

2020 IMPROVEMENTS, ACTIVITIES AND SERVICES

Clean, Safe & Beautification Programs: \$6,439,514.27 (76.90%)

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

+++++++

Place Management:

Place Management services and programs for 2020 will include Safety and Security, Cleaning and Maintenance, and Hospitality Ambassadors. An RFP for the Hospitality Ambassador program component of the HED services will be released in December 2019.

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. 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, video surveillance cameras, and homeless services outreach. The security vendor is Andrews Global Security, and the anticipated 2020 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), 56 hours for homeless outreach workers, and 180 hours for the Director, Assistant Director, Administrative Assistant, and Dispatcher. This schedule accommodates approximately eight armed officers seven days per week. The deployment schedule is always subject to change at the discretion of the Place Management Committee. 2020's security budget included a 3% increase, in response to increasing labor costs. 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 twelve video surveillance cameras, donated to the Los Angeles Police Department, to provide enhanced public safety services to benefit the properties in the District. The camera maintenance contract, which commenced on September 1, 2015, is projected to be approximately \$5,000/month to support 12 total cameras. 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.

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 2020 is approximately \$1.75M. Key focus areas in 2020 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 250 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 envisioned to cost approximately \$1,000,000 annually. 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, any contracted vendor will be responsible for collecting data and statistics to describe program activities and drive additional accountability. It is anticipated that Hospitality Ambassadors will be deployed seven days per week for a 12-hour period.

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

Place Enhancement:

In 2020, funds will be set aside for maintenance and beautification projects, apart from the core maintenance contract. Major initiatives for 2020 include implementation of the Hollywood Lighting Master Plan, maintaining the pedestrian wayfinding system installed in 2019, 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: \$1,456,094.28 (17.39%)

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.

+++++++

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 the development of a new brand identity for the HED, redesigning the organization's website, implementing 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 and www.onlyinhollywood.org. Further 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:

Also inspired by the Hollywood in Focus strategic plan, this focus will assist the HED in better facilitating economic investment to support continued area improvement. To accomplish this, the professional staff will 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 on Hollywood that will support the marketing of office, residential and retail space within the HED and other initiatives intended to improve and benefit the community. Investments include the deployment of several pedestrian counters within the HED to support retail leasing activities and infrastructure design and decision making. Work products will include an annual State of Hollywood and quarterly market reports and conducting tours with area real estate professionals 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. Part of the increase in the administrative budget this year is due to the annual increase in rent for the current office space. 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 2020 to cover on-going defense costs associated with litigation. In 2016, after an extensive RFP, the board moved accounting services from RBZ, LLP to Gursej Schneider, LLP. The annual financial review and tax return will still be compiled by Fabio Vasco, CPA. There are currently two additional 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; and 2. Computer Physicians – monthly retainer to maintain the HPOA's computers and server.

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

Contingency/City Fees/Reserve:

This budget category is 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 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 delinquency in the amount of \$165,000, or approximately 2% of the general assessment roll. 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. If the HED administrative office will need to relocate at the end of the current lease, the contingency line item provides revenue to cover the costs associated with office relocation.

Alley Overlay Program: \$90,383.68 (1.08%)

Programs within the Alley Overlay consist of:

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

+++++++

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: \$387,836.00 (4.63%)

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

+++++++

In 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 2020

A breakdown of the total estimated 2020 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.

(There is a 1.0% CPI increase for 2020)

Surplus Revenues: \$807,123.00

\$450,000 - General Assessment Carry Forward:

The roll-over results from several sources: turnover within the HPOA's security vendor, tree trimming and lighting programs, reduced delinquency, and a key personnel position remaining unfilled until the 4th quarter. As allowed under the HED's MDP, the 2020 budget

is adjusted to accommodate the \$150,000 surplus being carried forward for investments in beautification programs for tree trimming and lighting. The organization's 2019 focus on strategic planning resulted in favorable variances in marketing activities (\$27,000) and public relations (\$12,000). Uncollected assessments came in approximately \$56,000 lower than the conservative 4% amount budgeted due to LAUSD paying their partial assessment amounts. Finally, a key staff role remained unfilled until the 4th quarter of 2019 even though it was included in the budget beginning in 2019. This resulted in a total of \$67,000 in savings from expected expenses related to health insurance premiums, salary, payroll taxes, and 401K contributions. These rollover sources originated from the "Operations, Communication, City Fees & Delinquency" budget categories.

The contract with the HPOA's cleaning and maintenance vendor, Clean Street, provides for a guaranteed level of service to be provided. A billing error by the contractor resulted a surplus of \$68,000. However, cleaning and maintenance services were provided without disruption. Finally, the actual billing from the security vendor is projected to close the year with a surplus of approximately \$70,000. 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 2020 HPOA budget incorporates the rollover as part of the operating budget to be invested in services consistent with the MDP that provide special benefit to the parcels. The remaining carry forward amount of \$300,000 will be spent down in 2020 through the continuation of programs and services for the safety and security program, cleaning and maintenance, beautification efforts. These expenditures will be the hospitality ambassador program and economic development initiatives. The hospitality ambassador program is intended to launch in May 2020. The program will complement the cleaning and safety programs by deploying additional services dedicated to improving the pedestrian experience via enhanced attention to area cleanliness and sense of safety. Additionally, new initiatives in economic development will include research efforts used to inform business attraction and retention efforts, plus the development of quarterly economic development reports and marketing materials such as a "State of Hollywood".

\$135,636 - TDOZ Carry Forward:

The Tourism District Overlay Zone Committee is developing 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. 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."

\$240 - Alley Maintenance Carry Forward:

As stated in the Management District Plan, any Alley Overlay annual surplus funds will be rolled into the following year's Alley Overlay budget for use within that specific Overlay.

\$221,247 - Delayed 2019 Assessment Collections:

Due to parcel changes that were made by the County Assessor's office through the Parcel Change System, \$221,247.01 was deducted from HED's County Remittance Fund between Quarter 3 and Quarter 4. The County has rebilled the direct assessments on August 15, 2019 for the new parcels with the exception of one, which will be rebilled by the City Clerk's office. The delayed assessment revenue for these parcels is expected to be received at an undetermined date in 2020. This amount of \$221,247.01 is reported as carryover from 2019 due to the negative County remittance, however it is not cash on hand.

Anticipated Deficit Revenues

There are no deficit revenues that will be carried over to 2020.

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

\$243,887.08 - General Benefit allocated to Benefit Zones 1 - 4

\$2,264.59 - General Benefit allocated to Alley Zone

Contribution from Sources other than assessments:

\$18,000 – Estimated Bank interest income

\$200,000 – Parking Meter Revenue share from LADOT (in progress)

APPENDIX A- TOTAL ESTIMATED REVENUES/EXPENDITURES FOR THE Hollywood Entertainment District BID- FY 2020

	Zone 1	Zone 2	Zone 3	Zone 4	Alley Overlay	Tourism Overlay	Total	
2020 Assessments	\$3,817,814.18	\$2,113,536.53	\$969,782.22	\$79,340.86	\$87,879.09	\$252,200.00	\$7,320,552.88	
Estimated Carryover from 2019	\$376,575.65	\$210,867.82	\$78,252.50	\$5,551.71	\$240.00	\$135,636.00	\$807,123.68	
Other Income	\$123,937.37	\$66,214.80	\$48,885.72	\$4,849.19	\$2,264.59	\$0.00	\$246,151.67	
Total Estimated Revenues	\$4,318,327.20	\$2,390,619.15	\$1,096,920.44	\$89,741.76	\$90,383.68	\$387,836.00	\$8,373,828.23	
2020 Estimated Expenditures								Pct.
Clean, Safe & Beautification Programs	\$3,521,948.87	\$1,949,745.36	\$894,628.30	\$73,191.74	\$0.00	\$0.00	\$6,439,514.27	76.90%
Operations, Communication, City Fees & Delinquent Assessments	\$796,378.33	\$440,873.79	\$202,292.14	\$16,550.02	\$0.00	\$0.00	\$1,456,094.28	17.39%
Alley Overlay Program	\$0.00	\$0.00	\$0.00	\$0.00	\$90,383.68	\$0.00	\$90,383.68	1.08%
Tourism Overlay Program	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$387,836.00	\$387,836.00	4.63%
Total Estimated Expenditures	\$4,318,327.20	\$2,390,619.15	\$1,096,920.44	\$89,741.76	\$90,383.68	\$387,836.00	\$8,373,828.23	100%