

2018 Planning Report
Hollywood Entertainment District Business Improvement District
Year X

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 16, 2017 Meeting:

Program	Management Plan		2018 Budget	
Safety & Security	1,593,041	48.48%	1,695,900	43.65%
Maintenance & Streetscape	846,303	25.76%	1,050,000	27.04%
Special Projects/ Marketing & Consulting	109,522	3.33%	145,000	3.73%
District Management	524,708	15.97%	751,345	19.34%
Contingency/Fees/Reserve for Non Pay ¹	212,074	6.45%	242,578	6.24%
Budget Subtotal	3,285,648	100%	3,884,823	100%
Alley Assessment	135,000		125,552	
Total	3,420,648		4,010,375	

A. Summary: 2018 Operating Budget is \$4,010,375

- The revenue is predicated upon private assessment payments of \$3,255,814 and government/direct assessments of \$413,449 amounting to \$3,669,263.
- The revenue budget is further adjusted by the following factors: (a) the anticipated cash roll-over from 2017 is estimated at \$340,812² (b) modest interest revenue of \$300.

¹ As of October 31, 2017, \$102,260.93 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 carry-over results from two outcomes: favorable variances at year end that were unanticipated at the time the 2018 budget was prepared and adopted by the board (November 2017) 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 carry-over mitigates against having to secure a line of credit to start the New Year. It is anticipated as the BID

B. Security Program - \$1,695,900 of 43.65% 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 408 hours per week for armed officers plus sergeants; 80 hours for public safety officers (unarmed), 26.25 hours for a homeless outreach administrator, and 105 hours for the Director, Assistant Director, Administrative Assistant, and Dispatcher.
- This schedule accommodates approximately 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.

Last year's security budget included a 5% increase, in response to increasing labor costs. There has not been a CPI increase to the BID's security contract since 2013. For this reason the vendor has given an increase to their employees in 2017. The 2018 budget reflects the new pay rates. Additionally, a homeless outreach pilot conducted during Q4 2016, was deemed successful by the Security committee and a portion of the patrol budget has been dedicated 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 ten 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 10th camera in 2017 and installed it at Hollywood/Wilcox to further the coverage of the District. The camera maintenance contract, which commenced on September 1, 2015, is projected to be approximately \$4,000/month to support 10 total cameras. The 10th camera is under warranty through August 2018 and is included in the maintenance plan beginning September 1, 2017. The camera vendor is Metro Video Systems in El Segundo.

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

enters its final year, this cash management strategy will not be necessary.

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.

C. Maintenance- \$1,050,000 or 27.03% 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 core services contract for 2018 amounts to approximately 930,000. Key focus areas in 2017 included refining operational software for enhanced work order efficiencies and quality assurance, lighting improvements on Hollywood Boulevard, and utility box artwork.

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 2018, approximately \$120,000 in funds will be set aside for maintenance and beautification projects, apart from the core maintenance contract. Other large expenditures anticipated include tree trimming in Zone 1, installing holiday decorations, ongoing maintenance costs for lighting, as well as rent for the maintenance service center and parking for maintenance vehicles.

D. Special Projects/Marketing and Consulting - \$145,000 or 3.73% 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 Old Hollywood Locals Nights, 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 - \$751,345 or 19.34% 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 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 was also increased in 2018, to cover on-going defense costs associated with pending litigation.

In 2016, after an extensive RFP, the board moved accounting services from RBZ, LLP to Gursey Schneider. The annual financial review and tax return will still be compiled by Fabio Vasco, CPA.

F. City Fees, Contingency and Delinquencies - \$242,578 or 6.24% 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.

G. Alley District Expense - \$125,552

This budget item is allocated 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 \$340,812 from 2017 reserves (See discussion in footnote 2 on page 1).

4. Assessments levied upon parcels.

A. **Assessment Rates:** The assessment rates for the 2017/2018 year are as follows:

Type	Zone 1	Zone 2	Zone 3	Alley
Street Frontage	\$ 39.11	\$ 32.33	\$ 27.95	
Land Area	\$ 0.07	\$ 0.06	\$ 0.05	
Building Area	\$ 0.10	\$ 0.09	\$ 0.08	
Alley				\$ 12.06