



Board Report

File #: 2018-0160, **File Type:** Program

Agenda Number: 10.

FINANCE, BUDGET AND AUDIT COMMITTEE APRIL 11, 2018

**SUBJECT: HOLLYWOOD ENTERTAINMENT DISTRICT
BUSINESS IMPROVEMENT DISTRICT**

ACTION: APPROVE RECOMMENDATION

RECOMMENDATION

APPROVE Metro's participation in the Hollywood Entertainment District Business Improvement District for a period of ten years beginning January 1, 2019 to December 31, 2028 for an estimated amount of \$2,891,282 through 2028.

ISSUE

The Hollywood Entertainment District Business Improvement District Ad-Hoc Steering Committee is seeking to renew a property-based Business Improvement District ("BID"). This BID will have an annual assessment to improve and convey special benefits to properties located within the Hollywood Entertainment District Business Improvement District ("District") area. The BID will provide improvements and activities, including implementation of a Clean and Safe Program, Communication Program, and Administrative/Office Program.

Improvements and activities are designed to meet the District's goals to:

- improve the safety of each individual parcel within the District;
- increase building occupancy and lease rates;
- encourage new business development;
- increase transit ridership thereby attracting more customers to businesses; and
- attract ancillary businesses and services for parcels within the District.

Metro is being asked as a property owner in the District to sign a petition confirming the inclusion of Metro-owned properties in the BID. Metro has participated in the original Hollywood Entertainment District BID since its inception through 2018.

DISCUSSION

Establishment of the BID is a two-step process that includes (1) submission of favorable petitions from property owners representing more than 50% of total assessments to be paid; and (2) return of mail ballots evidencing a majority of ballots cast in favor of the assessment. Ballots are weighted by each property owner's assessment as proportionate to the total proposed District assessment amount.

Metro has supported the formation of BIDs when the service or improvements provided a direct benefit to Metro properties, employees, and customers. Under Proposition 218, the assessing agency that proposes an assessment identifies all parcels that will receive a special benefit. The special benefit for each parcel is determined by: (1) the relationship of the capital cost of a public improvement; (2) the maintenance and operation of a public improvement; or (3) the cost of the property related services being provided. No assessment can be imposed on any parcel that exceeds the reasonable cost of the proportional special benefit on that parcel. All publicly-owned parcels are required to pay their proportional share of costs based on the special benefits conferred to those individual parcels. Only special benefits are assessable. The BID considers the special benefit to government assessed parcels to be an increase in District customers, an increased likelihood of attracting and retaining employees that follows from having a cleaner and safer area, increased use of the public facilities, and increased attraction to the neighborhood. Proposition 218 provides that parcels within a district that are owned or used by any agency *"...shall not be exempt from assessment unless the agency can demonstrate by clear and convincing evidence that the property will receive no benefit."*

The Metro Board adopted Guidelines on Metro Participation in Proposed Assessment Districts ("Guidelines") in June 1998. The Guidelines require staff to analyze each assessment district based on whether it provides benefit to Metro properties, facilities, Metro employees, and/or Metro's passengers, or reduce costs for the agency. Staff is to provide the Board with an analysis, on a case-by-case basis, that determines whether Metro property benefits from the proposed services or improvements; and whether the benefit to the property exceeds the cost of the assessment. An evaluation of the Hollywood Entertainment District BID's benefits to Metro is attached (see Attachment C).

Description of BID

The Hollywood Entertainment District BID will have a ten (10) year life beginning January 1, 2019 and ending December 31, 2028 and will be governed by an Owner's Association which will oversee the day-to-day implementation of services as described in the BID's Management Plan.

The boundary of the Hollywood Entertainment District BID was created to include the Hollywood Entertainment District and the expiring Sunset and Vine Improvement District area of Hollywood. The boundary of the Hollywood Entertainment District incorporates two main east-west corridors in Hollywood, Hollywood Boulevard, and Sunset Boulevard. Commercial parcels up to a block north and south of both streets are included from Hollywood's western border (La Brea) and Sunset's western border (Cassil Place) to the 101 Freeway to the East. Significant north-south arteries are included, such as Highland (from Franklin to Selma); Cahuenga (from Yucca to De Longpre); Vine (from Yucca to Santa Monica Blvd.); and Gower (from Hollywood to Fountain).

The property uses within the general boundaries of the Hollywood Entertainment District BID are a

mix of retail, office, cultural, educational, religious, parking, hotel, production studio, residential, mixed-use, utility, and publicly-owned parcels. Services and improvements provided by the District are designed to provide special benefits in the form of improving economic vitality in the District by increasing building occupancy and lease rates and encouraging new business development.

There are different zones set up depending on the benefit provided. The zones are evaluated based on major street frontage, pedestrian traffic, and frequency of service. Metro has 23 parcels and all are in Zone 1. Among Zones 1-4, Zone 1 receives the highest benefit.

Services Provided

The District will provide Clean and Safe Programs and a Communications Program. The Safety Team Program will provide safety services for parcels located within the District in the form of patrolling bicycle personnel, and nighttime vehicle patrol. The purpose of the Safe Team Program is to prevent, deter, and report illegal activities taking place on the streets, sidewalks, storefronts, parking parcels and alleys. The presence of the Safe Team Program is intended to deter such illegal activities as public urination, indecent exposure, trespassing, drinking in public, prostitution, illegal panhandling, illegal vending, and illegal dumping.

The Clean Program provides services to assessed parcels within the District's boundaries. The services include sidewalk cleaning, trash collection and graffiti removal. The specific services include removal of litter, debris, and refuse from sidewalks and gutters, collecting trash from receptacles as needed, disposal of illegal food vendors' inventory, collection of illegally dumped large bulky items, and removal of graffiti. Graffiti removal is accomplished through painting, the use of solvent and pressure washing. The response time is within 24 hours on weekdays. This particular District also polishes the Walk of Fame stars.

In addition to the actual services, the District will maintain a web site to provide increased awareness of the businesses within the District and their individual offerings to attract new customers. The increase in commercial activity supports increases in lease rates and enhanced commerce. All of the services provided by the BID are services over and above the City's baseline of services and are not provided by the City.

DETERMINATION OF SAFETY IMPACT

The Board action will not have an impact on safety standards for Metro. However, the BID's safety program will increase safety and crime prevention in the area around Metro-owned properties.

FINANCIAL IMPACT

Metro's assessment for the Year 2019 under the proposed BID is \$252,208.88 and represents 3.4 % of total BID revenue collected from assessments. The assessments will be subject to annual increases ranging from 0.01% to 3% annually as approved by the BID's Board of Directors. The total estimated ten-year cost to Metro will be \$2,891,282.

Impact to Budget

Funding to participate in this BID is included in the Fiscal Year 2019 Operating Budget request for

Non- Departmental Real Estate (Cost Center 0651) to pay for bus and rail operations (Project No. 300044 and 306006), Account No. 50799 (Taxes). Funds for subsequent years will be budgeted annually. Funds are eligible for bus and rail operations.

ALTERNATIVES CONSIDERED

Metro could refrain from signing the petition and casting a ballot. This would not stop the assessment of Metro's parcels. Based on the evaluation of the benefits to Metro, participation in the BID is recommended.

NEXT STEPS

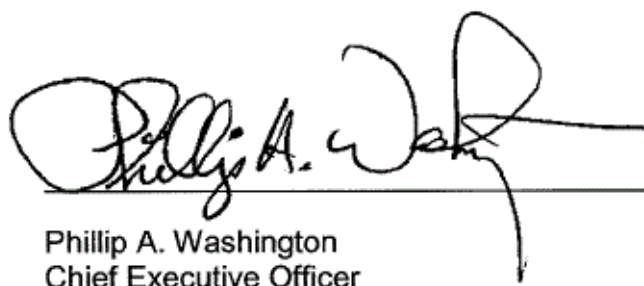
Upon approval of the recommendation, staff will authorize Metro's participation in the Hollywood Entertainment District BID by signing ballots accepting parcel assessments.

ATTACHMENTS

Attachment A - BID Benefit Boundaries
Attachment B - Map of Proposed BID Boundaries
Attachment C - Evaluation of BID Benefits to Metro
Attachment D - Metro Parcels included in BID

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HOLLYWOOD ENTERTAINMENT DISTRICT BID BENEFIT ZONE BOUNDARIES

Zone 1 includes all property fronting on the following streets:

- Hollywood Boulevard from La Brea to Gower Street
- Sunset Boulevard from Cahuenga Boulevard to Gower Street
- Highland Avenue from Selma Avenue to Franklin Place
- Cahuenga Boulevard from Sunset Boulevard to Yucca Street
- Vine Street from De Longpre Avenue to Yucca Street
- Argyle Avenue from Sunset Boulevard to Yucca Street

Zone 2 includes all property fronting the following streets:

- Yucca Street from West of Wilcox Avenue to Argyle Avenue
- Hollywood Boulevard from Gower Street to 101 Freeway
- Selma Avenue from Highland Avenue to Gower Street
- Sunset Boulevard from Cassil Place to Cahuenga Boulevard
- Sunset Boulevard from Gower Street to 101 Freeway
- Vine Street from De Longpre Avenue to Santa Monica Boulevard
- Wilcox Avenue from De Longpre Avenue to Yucca Street
- Cahuenga Avenue from Homewood Avenue to Sunset Boulevard

Zone 3 includes all property fronting the following streets:

- Fountain Avenue from Ivar Avenue to Vine Street
- Homewood Avenue from Ivar Avenue to Vine Street
- De Longpre Avenue from Hudson Avenue to east of Vine Street
- De Longpre Avenue from El Centro Avenue to Gower Street
- Leland Way from Vine Street to El Centro Avenue
- Hawthorn Avenue from West of Orange Drive to McCadden Place
- Gower Street from Fountain Avenue to Hollywood Boulevard
- El Centro Avenue from De Longpre Avenue to Hollywood Boulevard
- Bronson Avenue north & south of Hollywood Boulevard
- Ivar Avenue from Fountain to Yucca Street
- Morningside Court from Sunset Boulevard to Selma Avenue
- Cole Avenue from De Longpre Avenue to Sunset Boulevard
- Schrader Boulevard from Sunset Boulevard to Hollywood Boulevard
- Hudson Avenue from Hollywood Boulevard to Yucca Street
- Whitley Avenue from Hollywood Boulevard to Yucca Street
- Cherokee Avenue from Hollywood Avenue to Yucca Street
- Las Palmas Avenue from Selma Avenue to Yucca street
- McCadden Place from Selma Avenue to Yucca street
- Orange Drive from Hawthorn Avenue to North Hollywood Boulevard
- Sycamore Avenue north & south of Hollywood Boulevard
- El Cerrito Place from north of Hollywood Boulevard
- La Brea Avenue north & south of Hollywood Boulevard
- Seward Street south of Sunset Boulevard
- Cassil Place north of Sunset Boulevard

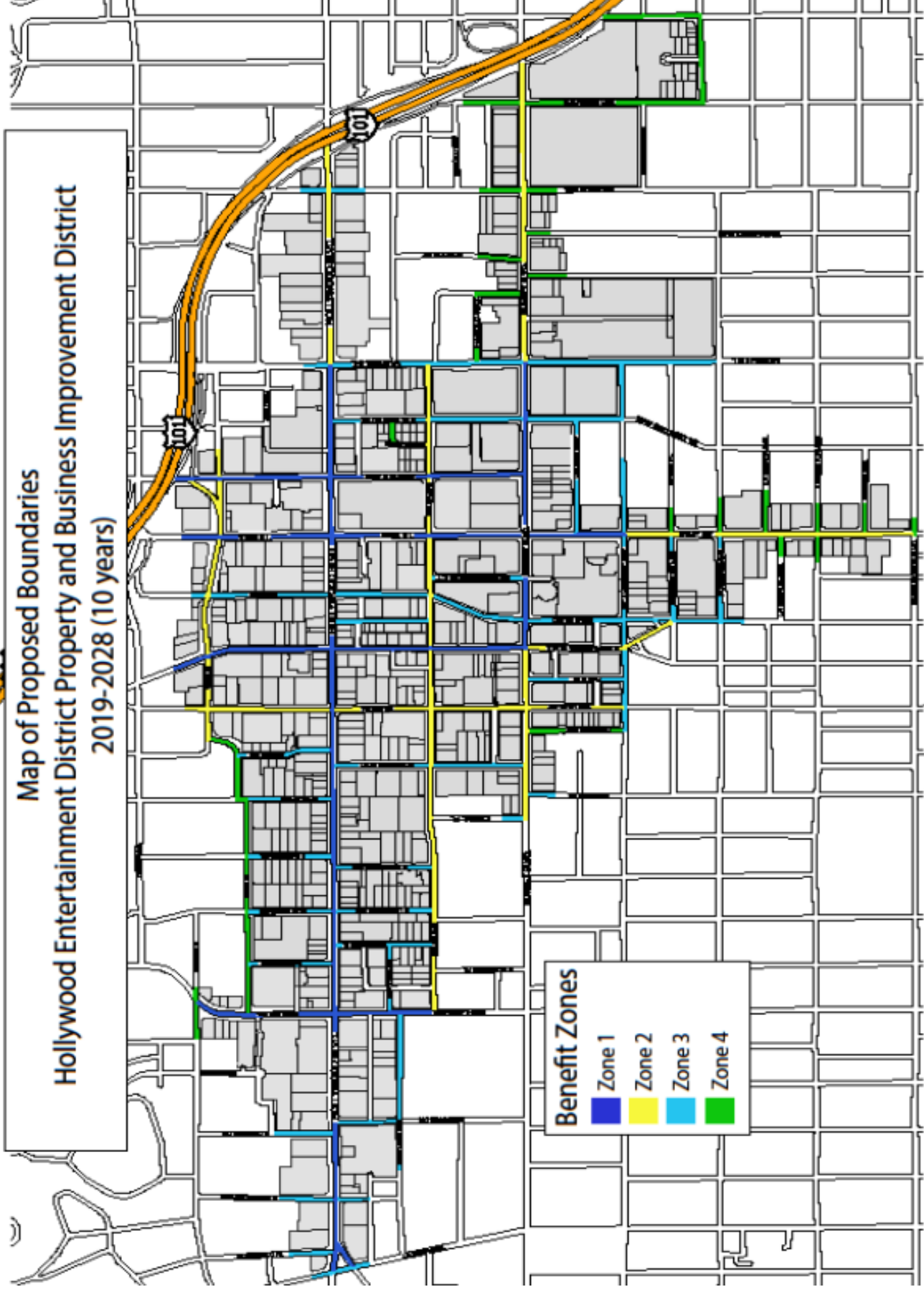
Zone 4 includes all property fronting the following streets:

- Yucca street from Highland Avenue to Hudson Avenue
- Vista Del Mar Avenue from Selma Avenue to El Centro Avenue
- Harold Way from Gower Street to La Baig Avenue
- La Baig Avenue from Harold Way to Sunset Boulevard
- Gordon Street north & south of Sunset Boulevard
- Tamarind Street south of Sunset Boulevard
- Bronson Avenue north & south of Sunset Boulevard
- Van Ness Avenue from Fountain Avenue to 101 Freeway

ATTACHMENT A

- Wilton Place from Fountain Avenue to 101 Freeway
- Alton Place east of Vine Street
- Fountain Avenue east of Vine Street
- La Mirada Avenue east & west of Vine Street
- Lexington Avenue east & west of Vine Street
- Banner Avenue east of Vine Street
- Santa Monica Boulevard east of Vine Street
- Hudson Avenue from De Longpre Avenue to Sunset Boulevard
- South side of Franklin Place from one parcel east & west of Highland Avenue

Map of Proposed Boundaries
Hollywood Entertainment District Property and Business Improvement District
2019-2028 (10 years)



EVALUATION OF HOLLYWOOD ENTERTAINMENT DISTRICT BUSINESS IMPROVEMENT DISTRICT BENEFITS TO MTA

Evaluation of Benefits to MTA

The proposed BID includes twenty-three (23) parcels owned by MTA. The largest group of parcels is improved along the Metro Red Line.

The total proposed District budget for the 2019 year of operation is \$7,466,416. Assessments will be subject to annual increases not to exceed 3% each year. Revenue for the ten-year term of the BID is expected to total approximately \$ 85,594,100. The budget will cover improvements, activities and services which include (1) enhanced safety programs such as bicycle patrol, night vehicle patrol and foot patrol in the area; and (2) enhanced clean programs such as sidewalk sweeping, sidewalk pressure washing graffiti and handbill removal, trash removal, landscape programs and tree trimming. The proposed Hollywood Entertainment District BID assessment to MTA over the ten-year period is estimated to be \$2,891,223 which is approximately 3.4% of the total BID revenue.

Analysis of Benefit to MTA

The Guidelines on MTA Participation in Proposed Assessment Districts ("Guidelines") established general guidelines for determining benefits to MTA properties as outlined below. A list of MTA properties included in the proposed BID is attached, with an indication of the assessment to each parcel (ATTACHMENT D). The guidelines requires an analysis of each new assessment district service and/or improvement based on whether it improves MTA property or facilities, benefits MTA employees, benefits the MTA riding public or reduce costs for the MTA.

Following is the analysis of benefits to MTA from the Hollywood Entertainment District Business Improvement District based on the Guidelines.

TIER 1 – NO BENEFIT

- Subsurface easements
- Aerial easements
- Right of Way – Red Line
- Vacant Land
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TIER 2 – MINOR OR NO POTENTIAL BENEFIT

- Parking Lots

TIER 3 – MINOR OR SOME POTENTIAL BENEFIT

- Bus Division – None
- Bus Terminals – Hollywood & Vine bus layover facility.
- Customer Service Centers - None
- USG Headquarters Building – None
- Maintenance Facilities –
- Rail Division –
- Rail Terminus –
- Stations – Implementation of the BID will decrease MTA's maintenance expenses associated with the properties in the area of sidewalk maintenance and graffiti removal from building and walls/fences. The District will enhance the environment of the area around the Metro Red Line Stations and will in all likelihood increase the desirability of the area for future development.
- Miscellaneous Buildings

TIER 4 – ACTUAL BENEFIT – APPLICABLE

Joint Development Projects – The existing Joint Development projects will benefit by being located in a well maintained neighborhood.

MTA Benefits – The MTA Property fronting on a public street benefits from the Hollywood Entertainment District BID services. The services provided are categorized as Safe and Clean Programs.

The Clean Team Program provides the following special services to MTA parcels:

- Provides maintenance services at and around MTA parcels 6 days/week from 7:30am-2pm
- Zone 1 MTA parcels receive increased frequency of maintenance services
- BID services/empties/disposes of trash bags at BID receptacles at and around MTA parcels
- BID sidewalk sweeper personnel sweep up trash/debris from sidewalks, gutters, tree wells, and fence lines around MTA parcels
- Monthly pressure washing of sidewalks and street furniture around MTA parcels, sidewalks in front of Red line stations are regular hot spots
- Graffiti and handbill removal from buildings, sidewalks, fencing, light standards, street trees, street furniture, and news racks around MTA parcels
- Bulky items picked up around MTA parcels, occurrences more frequent around vacant land parcels
- Weed removal on sidewalks and tree wells around MTA parcels
- Tree trimming around MTA parcels

The Safe Team Program provides the following special services to MTA parcels:

- Provides safety services 7 days/week from 1:30pm-12am at and around MTA parcels
- Zone 1 MTA parcels receive increased frequency of safety services, safety foot and bicycle patrol 8 to 10 times per day
- Safety Patrols prevent, deter, report, and address District quality of life issues around MTA parcels
- Patrols respond to loitering, thefts, transients, illegal vending, graffiti, fights, drug dealing around MTA parcels, with the most frequency around Red line stations
- Safety patrols respond and work collaboratively with LAPD and private Metro security to address common issues around MTA parcels
- Safety patrols patrol and monitor the perimeter of park and ride lot looking for safety issues
- Safety patrols patrol and monitor vacant parcels for homeless and dumping activity
- Safety patrols provide hospitality services (directions, etc.) to transit riders around MTA parcels

Communication Program:

- BID marketing has made the District an attractive destination which provides benefit to Red line parcels with increased transit ridership
- BID marketing events promote riding Metro Red line to access Hollywood Entertainment District
- BID banner program covers light standards in the commercial corridors of in the District. The banners provide a physical connection between the Red line stations and the commercial area of the District and provide benefit to MTA parcels.
- BID website highlights businesses and draws customers to District, providing a benefit to Red line stations with increased transit ridership
- BID Partnership with Metro on destination discount program with District businesses. Metro riders show proof of riding transit and receive discounts at participating District businesses. Program benefits Red line stations with increased ridership.

**SUMMARY OF MTA PARCELS INCLUDED IN HOLLYWOOD ENTERTAINMENT DISTRICT
BID**

APN	OWNERSHIP	ZONE	2019 Amount	%
5546-029-941	LACMTA	1	51,716.16	.72
5546-029-942	LACMTA	1	50,723.29	.70
5546-029-943	LACMTA	1	10,937.55	.15
5546-029-944	LACMTA	1	10,056.93	.14
5546-029-945	LACMTA	1	888.71	.01
5546-029-946	LACMTA	1	10,983.83	.15
5546-029-947	LACMTA	1	10,983.33	.15
5546-029-948	LACMTA	1	6,303.01	.09
5546-029-949	LACMTA	1	5,978.51	.08
5546-029-950	LACMTA	1	9,686.14	.13
5546-029-951	LACMTA	1	9,361.75	.13
5546-029-952	LACMTA	1	2,764.87	.04
5546-029-953	LACMTA	1	2,282.27	.03
SUBTOTAL			182,666.85	2.53
5547-011-900	LACMTA	1	1,453.60	.02
5548-004-901	LACMTA	1	41,274.09	.57
5548-004-902	LACMTA	1	2,440.83	.03
5548-004-907	LACMTA	1	49.39	.00
5548-004-908	LACMTA	1	6,324.12	.09
5548-004-909	LACMTA	1	369.25	.01
5548-004-910	LACMTA	1	60.18	.00
5548-004-903	LACMTA	1	4,345.16	.09
5548-004-915	LACMTA	1	6,412.05	.09
5548-004-919	LACMTA	1	6,807.34	.09
SUBTOTAL			69,536.01 ¹	.96
TOTAL			252,202.88	3.4

¹ The petition shows 69,536.03. Reflects a rounding difference in how the numbers were entered. The Total assumes the .03.