



## 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.

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## **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

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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**

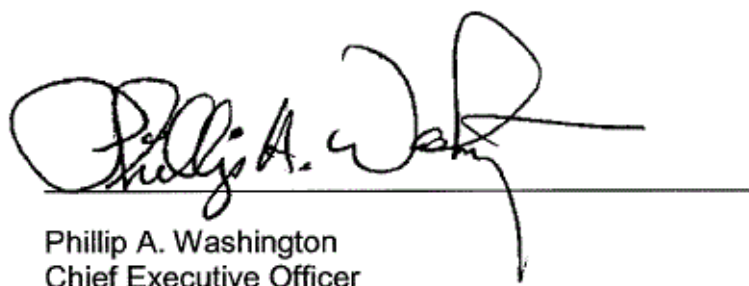
Upon approval of the recommendation, staff will authorize Metro's participation in the Hollywood Entertainment District BID by signing ballots accepting parcel assessments.

**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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