

OFFICE MEMORANDUM

Write It — Don't Say It

TO:

1. Karen Kalfayan

2. \_\_\_\_\_

3. \_\_\_\_\_

SUBJECT:

Security Contract -

Hollywood

RECEIVED  
 OCT 21 2003  
 ADMIN SVCS

- Your Information
- Please Reply
- See Me
- Prepare Report
- Please Comment
- Per Your Request
- Investigate
- Initial and Forward
- Return by:
- For Necessary Attention

See attached. Not sure his conclusions are correct, but this may be a murky area. Please share this with the city attorney.

FROM: Micko

Date: 10-21-03

Phone: \_\_\_\_\_

# TUDZIN | WEISS

October 20, 2003

**VIA FACSIMILE (323) 463-1839 AND FEDERAL EXPRESS**

Hollywood Entertainment District Property Owners Association  
1680 N. Vine Street, Suite 216  
Hollywood, CA 90028

Attn: Kerry Morrison, Executive Director and  
John Tronson, Chairperson, Security Committee

Dear Ladies and Gentlemen:

Tudzin & Weiss, LLP has been retained by Nastec International, Inc. relating to a Request for Proposal issued by the Hollywood Entertainment District Property Owners' Association ("HEDPOA") dated September 12, 2003.

Nastec International, Inc. submitted a proposal in response to the aforementioned RFP. Despite being the lowest qualified bidder under the RFP, Nastec has been advised by the HEDPOA Security Committee that the Security Committee plans to recommend that Burke Security for award of the contract contemplated by the subject RFP.

As you are well aware, the funds which will be utilized to pay the contractor under a contract awarded pursuant to the subject RFP are assessments of properties located in the Hollywood Entertainment District Business Improvement District. These funds are collected by the City of Los Angeles and the City of Los Angeles retains ultimate authority over the utilization of those funds. The HEDPOA is given power, by resolution of the City Council, to utilize those funds, in part, to contract for security services for the Business Improvement District.

Our preliminary analysis of the current situation leads us to believe that should the HEDPOA ultimately award a contract for security services as contemplated by the subject RFP, the HEDPOA will have failed to adhere to requirements imposed upon it under State law and local ordinances including but not limited to Division 10 of the City of Los Angeles Administrative Code. Notwithstanding protestations to the contrary, the HEDPOA is a governmental body. See, Epstein v. Hollywood Entertainment District II Business Improvement District (2001) 87 Cal. App. 4<sup>th</sup> 862, 869-877. Accordingly, the HEDPOA and the City of Los Angeles must comply with public contracting requirements.

In sum, we have been advised that Nastec's bid was the lowest qualified bidder under the RFP. We have also been advised that there exists special interests on the Board of Directors of the

Post-#	Fax Note	7871
To	Mike Conroy	
Co./Dept.	Security	
Phone #	323-463-1839	
Fax #	(213) 978-1620	
Date	10/21	
From	Kerry Morrison	
Co.		
Phone #		
Fax #		
Pages	1	

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October 20, 2003  
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HEDPOA which are aligned with the current security services contractor. Accordingly, there seems to be resistance on the part of certain Board members to replace the current security services contractor notwithstanding the lower cost and innovative approaches proposed by Nastec.

The lower bid by Nastec was designed purposefully to provide security services later into the night and to provide for reserves in the event of catastrophic and unanticipated occurrences which could provide over-runs in the HEDPOA budget. Nastec's proposal considered the security needs of tourists and the Hollywood Entertainment District Business Improvement District's owners and tenants in providing for security services later into the night than is provided by the District's current security services contractor. Nastec has already provided security services for seven months on Hollywood Boulevard and has become familiar with the owners and tenants and their unique security needs. The Nastec proposal was prepared with its experience and knowledge gleaned from working daily on the Boulevard with the constituents of the Business Improvement District. HEDPOA's evaluation, that the number one concern of the owners and tenants is security, as was communicated to Nastec, is correct. Security is a prime concern of owners and tenants in dealing with the decrease in tourism and vacancy rates experienced in the District.

Based upon our information and analysis, it is readily apparent that the HEDPOA plans to step outside of the criteria set forth in the RFP in awarding the proposed contract. Consequently, if it is not clearly demonstrated that the contract for security services as outlined in the RFP is not awarded to the lowest qualified bidder, in accordance with the evaluation criteria as set forth in the RFP, Nastec will pursue all remedies it may have in protesting the contract award.

We trust that the Board will favorably discharge its fiduciary duties to the Hollywood Entertainment District Business Improvement District by awarding a contract to the qualified bidder who presented the lowest overall cost and innovative approaches toward security in the Hollywood Entertainment District in accordance with the Board's duties to comply with State law and local ordinances.

Very truly yours,



Michael A. Tudzin

MAT:bhs