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CITY OF LOS ANGELES
CALIFORNIA



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MAYOR

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MIRANDA C. PASTER
ACTING DIVISION HEAD

July 1, 2011

Honorable Members of the City Council
City Hall, Room 395
200 North Spring Street
Los Angeles, California 90012

Council Districts 6 & 7

REGARDING: MODIFICATIONS TO THE PANORAMA CITY PROPERTY- BASED
BUSINESS IMPROVEMENT DISTRICT MANAGEMENT DISTRICT PLAN

Honorable Members:

On February 11, 2009 the City Council adopted Ordinance 180540, which established the Panorama City Business Improvement District ("District") (Council File Nos. 08-3292 & 11-0785). This Office has received written notification from the District's Owners' Association ("Attachment 4") requesting that the City Council make modifications to the District's Management District Plan, pursuant to Section 36600 et seq. of the California Streets and Highways Code (the "Act"). As outlined in the Act, upon the written request of modification from the District's Owners' Association, the City Council may initiate proceedings to modify the improvements and activities of the District's Management District Plan.

This report shall serve as the "Preliminary Modification Report of the City Clerk". Attached to this report are: 1) the Modified Management District Plan, which details the improvements and activities to be provided and serves as the framing document for the proposed modified District; 2) a detailed Modified Engineer's Report prepared by a registered professional engineer certified by the state of California, which supports the assessment contained in the Modified Management District Plan for the proposed modified District; 3) a draft Ordinance of Intention for District Modification, approved as to form and legality by the City Attorney's Office; and 4) a letter from the Panorama City Business Improvement District Inc. which requests the modification and summarizes the areas being modified.

BACKGROUND

The Panorama City Business Improvement District was formed in February 2009 through adoption of Ordinance 180540 and amended by City Council action to have an operating term from January 1, 2010 to December 31, 2013. City Council action also amended the District to begin January 1, 2010 at the 2010 fiscal year budget amounts listed in both the adopted Management District Plan and Engineer's Report, which was \$479,847.19

The adopted District has three different benefit Zones; Zone 1 includes all parcels which front Van Nuys Boulevard, Zone 2 includes all parcels which do not front Van Nuys Boulevard; and Zone 3 includes all publicly owned parcels. The adopted District budget also provides for the following services categories: Landscape/Streetscape Maintenance, Maintenance/Sanitation, Security, Cultural/Community Events, Marketing/Image Enhancement, Management/Administration, and Contingency.

SUMMARY OF PROPOSED MODIFICATIONS

The Panorama City Business Improvement District's Owners' Association, Panorama City Business Improvement District Inc., has proposed to modify the District's budget and services by reducing the Zone 1 streetscape improvement budget by \$15,000 and the Zone 2 streetscape improvement budget by \$1,200 beginning with the 2012 fiscal year. Additionally, the association proposed reducing all other budgeted line item categories for 2012 to the level of the District's first year 2009 budget as described in the Panorama City PBID's modified Management District Plan ("Attachment 1"). The proposed modification, if approved, will reduce the overall District budget from \$479,847.19 to \$449,671.08 starting with the 2012 fiscal year.

MODIFICATION PROCESS

Section 36600 et seq. of the California Streets and Highways Code ("the Act") authorizes, among other things, the City Council, upon the written request of the owners' association, to initiate proceedings to modify the Management District Plan after conducting one public hearing on the proposed modification. The Act requires that the public hearing must be held after adopting an Ordinance of Intention ("Attachment 3") to modify the District and providing notice of the public hearing to each property owner. City Council may consider adoption of the modifications after hearing all protests made at the public hearing.

This Office has received and reviewed the Panorama City Business Improvement District's modified Management District Plan ("Attachment 1") that incorporates the proposed modifications, as prepared by the District's Owners' Association. A letter from the District's Owners' Association, which explains the reasons for the proposed modifications ("Attachment 4") to the District's Management District Plan is also attached.

In addition to the procedures above, City Council must find that the proposed modifications to the District comply with requirements of Article XIII D of the California Constitution which requires, among other things, that: 1) the City Council identify all parcels that will have a special benefit conferred upon them and upon which assessments will be imposed; 2) the City Council not impose an assessment on a parcel which exceeds the reasonable cost of the proportional benefit conferred on that parcel from the proposed improvements and activities; 3) the City Council separate the general benefits from the special benefits conferred on a parcel; and 4) all assessments be supported by a detailed Engineer's Report ("Attachment 2") prepared by a registered professional Engineer certified by the State of California.

EXEMPTION UNDER PROPOSITION 26

On November 2, 2010, voters in the State of California passed Proposition 26, which broadened the definition of taxes and which require approval by two-thirds of each house of the Legislature or by local voter approval. However, Proposition 26 provides for exemptions.

Under Proposition 26, assessments for specific benefits are not defined as taxes and specific exemptions are listed under Article XIII C §1(e). This section also states the local government bears the burden of proving that the assessments are not taxes and that the amount of the assessment holds a reasonable relationship to the benefits received. Exemption 7 of this section (Article XIII C §1(e)(7)) states the following exemption: "Assessments and property-related fees imposed in accordance with the provisions of Article XIII D". Article XIII D of the California Constitution is a result of Proposition 218 and contains multiple requirements, among them being that the assessments on property cannot exceed the reasonable cost to provide the benefit. For the City Council to find that the Panorama City Business Improvement District is exempt from Proposition 26, it must ensure that the stipulations provided in Article XIII D are met.

FISCAL IMPACT

Funding for the three (3) City-owned properties located within the District is included in the General Fund allocation to the 2012 Business Improvement District Trust Fund 659.

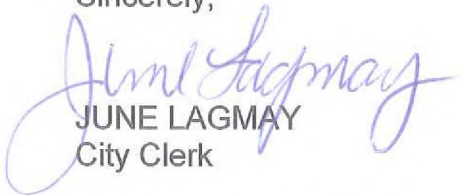
RECOMMENDATIONS:

1. FIND that the owners' association has formally requested City Council to modify the Panorama City Business Improvement District pursuant to section 36600 et seq of the California Streets and Highways Code and that the proceedings to modify the District may begin.
2. FIND that the assessments for the Panorama City Business Improvement District are not taxes and that the District qualifies for exemption from Proposition 26 under exemption 1 of Article XIII C §1(e)(7) since it is being modified in compliance with the provisions of Article XIID of the California Constitution.
3. FIND that in accordance with Article XIID of the California Constitution all parcels that will have a special benefit conferred upon them and upon which an assessment would be imposed are those identified in the modified Management District Plan.
4. FIND that in accordance with Article XIID of the California Constitution and based on the facts and conclusions contained in the attached Engineer's Report, no assessment imposed on any parcel exceeds the reasonable cost of the proportional special benefit derived from the improvements and activities conferred on that

parcel.

5. FIND that in accordance with Article XIID of the California Constitution and based on the facts and conclusions contained in the attached Engineer's Report, there are no general benefits to be separated from the special benefits conferred on each parcel within the proposed modified District.
6. FIND that all the assessments are supported in detail in the modified Engineer's Report.
7. ADOPT the Preliminary Modification Report of the City Clerk
8. ADOPT the attached Modified Management District Plan
9. ADOPT the attached Modified Engineer's Report
10. ADOPT the attached Ordinance of Intention to modify the Panorama City Business Improvement District's Management District Plan.
11. DIRECT the City Clerk, to schedule a public hearing before the City Council to consider modification of the Panorama City Business Improvement District's Management District Plan and to comply with the notice, protest, and hearing procedures prescribed in Section 36600 et seq. of the California Streets and Highways Code.
12. REQUEST the City Attorney, with the assistance of the City Clerk, to prepare an Ordinance authorizing modification of the Panorama City Business Improvement District's Management District Plan, for Council consideration during the required public hearing.
13. AUTHORIZE the City Clerk, subject to City Attorney approval, to amend the existing contract between the City of Los Angeles and the Panorama City Business Improvement District, Inc. as needed to administer the Panorama City Business Improvement District's programs upon adoption of the Ordinance modifying the District's Management District Plan.

Sincerely,


JUNE LAGMAY
City Clerk

JL:HLW:MCP:RMH:PM:rks

Attachments

ORDINANCE NO. _____

An Ordinance of Intention to modify the Management District Plan for the **Panorama City Business Improvement District** ("Panorama City PBID").

WHEREAS, on February 11, 2009, the City Council, acting pursuant to Section 36600 et seq. of the California Streets and Highways Code (the "Act"), adopted Ordinance No. 180540, which established the Panorama City PBID and approved its Management District Plan; and

WHEREAS, Section 36600 et seq. of the California Streets and Highways Code authorize the City Council to initiate proceedings to modify the Management District Plan upon the written request of the owners' association; and

WHEREAS, the Panorama City PBID's Owners' Association, Panorama City Business Improvement District, Inc., a California nonprofit corporation, has requested that the City Council initiate proceedings to modify the Panorama City PBID's Management District Plan; and

WHEREAS, the Panorama City PBID's Owner's Association has prepared and filed proposed modifications to the Management District Plan.

NOW, THEREFORE,

**THE PEOPLE OF THE CITY OF LOS ANGELES
DO ORDAIN AS FOLLOWS:**

Section 1. **DECLARATION.** Pursuant to the provisions of Section 36600 et seq. of the California Streets and Highways Code, the City Council hereby declares its intention to modify the Panorama City BID Management District Plan.

Sec. 2. **PROPOSED MODIFICATIONS TO THE MANAGEMENT DISTRICT PLAN.** The proposed modifications to the Panorama City PBID's Management District Plan are detailed in the modified Management District Plan, which is included in Council File No, 11-0785, and by this reference incorporated herein as though fully set forth. The modifications include, but are not limited to changes to the Plan's sections addressing improvements, activities, expenses, and services.

Sec. 3. **PUBLIC HEARING.** The City Council will hold a public hearing on _____, 2011, at 10 a.m., or as soon thereafter as Council business permits, and on any days for continued hearing as ordered by the City Council, in the John Ferraro Council Chamber, Room 340, City Hall, 200 North Spring Street, Los Angeles, California 90012. At the hearing, the City Council will consider adopting an ordinance modifying the Panorama City BID's Management District Plan. The City

Council will also hear all persons for or against the proposed modifications to the Panorama City PBID's Management District Plan.

Sec. 4. NOTICE OF HEARING. The City Clerk shall give notice of the public hearing by mailing, by first-class mail, a copy of this Ordinance of Intention, together with a copy of the modified Management District Plan, to the record owner of each parcel within the Panorama City PBID. Notice shall be given at least 10 days before the public hearing date. In addition, the City Clerk shall publish this Ordinance in a newspaper of general circulation in the City of Los Angeles at least seven (7) days prior to the public hearing date.

Sec. 5. MAJORITY PROTEST. The City Council will not modify the Management District Plan if there is a majority protest. A majority protest will exist if, at the conclusion of the public hearing, written protests against the proposed modifications of the Management District Plan are received from record owners of parcels within the Panorama City PBID who pay more than fifty percent (50%) of the total assessments.

Sec. 6. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

I hereby certify that this ordinance was passed by the Council of the City of Los Angeles, at its meeting of _____.

JUNE LAGMAY, City Clerk

By _____
Deputy

Approved _____

Mayor

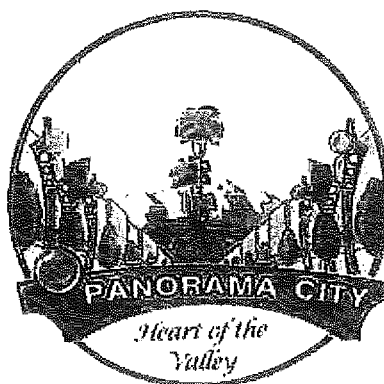
Approved as to Form and Legality

CARMEN A. TRUTANICH, City Attorney

By  **CHRISTY NUMANO-HILURA**
Deputy City Attorney

Date 7-7-11

File No. 11-0785



RECEIVED
2011 JUL - 1 PM 12:26
SEAN HASHEM

July 1, 2011

Ms. Miranda Paster
Acting Chief
Office of the City Clerk
200 N. Spring Street, Suite 224
Los Angeles, CA 90012

Dear Ms. Paster:

I am writing to you on behalf of the Board of Directors of the Panorama City Business Improvement District. The Board has approved the Modified Management District Plan on July 1, 2011 and respectfully requests that your Office and the Los Angeles City Council proceed with the process to modify our existing Management District Plan. The effective date of the modification would be January 1, 2012.

The Board would like to reduce the assessments in Zone 1.1 and Zone 2.1. One component of the Landscape Maintenance category is median maintenance. Due to several factors, those medians have not yet been constructed therefore we have an excess in this category. We anticipate that the medians will be constructed sometime in the future, however the rollover funds from previous years will fund this future expenditure.

The Plan also reduces the overall budget by 3%, bringing it back to the original 2009 assessment rates.

We appreciate your assistance in the modification process.

Best,

A handwritten signature in black ink, appearing to read "Sean Hashem".

Sean Hashem
President

SH:sl

PANORAMA CITY
PROPERTY BUSINESS IMPROVEMENT DISTRICT
***MODIFIED MANAGEMENT
DISTRICT PLAN***

DRAFT

*Formed Under California Streets and Highways Code Section 36600 et seq.
Property Business Improvement District Act of 1994
(Hereinafter "State Law")*

Presented By:

Susan Levi & Associates, Inc.

June 2011

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GENERAL INVESTIGATION
SERIES 10000 10/10/2011

Panorama City Business Improvement District

MODIFIED MANAGEMENT DISTRICT PLAN

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I. INTRODUCTION TO THE MODIFIED MANAGEMENT DISTRICT PLAN

According to State law, the process to modify a Management District Plan includes notification to all stakeholders in the District and a public hearing before the Los Angeles City Council. If approved, the effective date of the modification would be January 1, 2012 and continue through December 31, 2013. If a majority of stakeholders protest the modification, the existing Management District Plan will govern the PBID and assessment rates will not be reduced but remain the same.

The original Panorama City PBID was formed in 2009 for a five year period ending in 2013. The stakeholders believed that streetscape improvements to be funded by outside sources, primarily medians in Zone 1 and 2, would be constructed in the first year of the PBID's existence. However, the medians have not been constructed and therefore the portion of the Landscape Maintenance budget allocated to maintaining these medians has not been expended over the past two years. This annual expenditure is estimated at fifteen thousand dollars (\$15,000) for Zone 1 and one thousand two hundred dollars (\$1,200) for Zone 2. This Modified Management District Plan proposes to reduce the assessment amounts referenced above in both Zones respectively. There are several large medians proposed in Zone 1 on Van Nuys Boulevard and two very small medians in Zone 2. There is an existing median at Parthenia Street which is currently being maintained.

Although the PBID was adopted in 2008 with an initial start date of January 1, 2009, this was amended by the Los Angeles City Council to begin assessments and services in 2010. According to the original Management District Plan, each year a 3% increase may be imposed. Typically, this is a decision of the Board of Directors however a 3% increase was imposed for 2010. This Modified Management District Plan proposes to reduce the 3% increase imposed and reduce the rates for all stakeholders in the PBID.

II. OVERVIEW OF THE MODIFIED PANORAMA CITY PBID

Purpose: The purpose of the PBID is to implement programs and services that will be provided to each individual parcel that will result in improving the image of the commercial corridors and strengthen commerce through business attraction and retention and increased pedestrian traffic within the PBID boundaries. The programs and services are outlined in more detail in Section IV. The services provided to each individual parcel will result in the following:

- Improve the physical and aesthetic conditions (Not including major capital improvements)
- Enhanced District Beautification
- Create a Destination Identity for Panorama City

- Increase District Safety to encourage business growth and increase consumer patronage
- Increase Pedestrian Traffic
- Create a structured organization to address business community needs in order to attract and retain business while improving the commercial corridor

Name: Panorama City Business Improvement District (Modified)

Location: The Modified PBID proposed is located in the heart of the Panorama City community, which is in the Northeast San Fernando Valley. The specific boundaries are Parthenia Street to the north, including the commercially zoned properties along Van Nuys Boulevard to the north; the south block face of Roscoe Boulevard from Cedros Avenue to Van Nuys Boulevard, both sides of Van Nuys Boulevard south to Titus Street and east on the South side of Roscoe Boulevard to Lennox Avenue as the southern boundary; only the commercial properties west of Lennox and Tilden Avenues as the eastern boundary; and, the commercial properties on the east side of the street on Cedros Avenue as the western boundary. Property zoned solely residential will not be assessed.

PBID Boundary: The boundary for the Modified Panorama City Business Improvement District was determined based on the distinct retail/commercial character of the currently operating businesses and the long-term recognition of this area as a consumer shopping area. The uses of properties that form the boundaries to the north, east, and west of the PBID boundary are residential in character. The northern boundary of the PBID extends along Van Nuys Boulevard north of Parthenia Street to include the retail/commercial establishments. The eastern boundary extends as far as Lennox and Tilden Avenues, and the western boundary extends to Cedros. The southern boundary at Titus Street was determined as appropriate because there is no quantifiable benefit to be gained from the services to be offered through the PBID. Additionally, the businesses to the south of Titus Street represent a different culture with auto-related uses and other businesses that do not promote the pedestrian friendly environment of the selected PBID boundary. A map of the Panorama City PBID boundary may be found on page 5.

The northern boundary is identical to the zoning of retail/commercial property in the area, and ends mid-block on Parthenia Street where the zoning changes to become multi-family, residential units. The east and west boundaries of the Panorama City PBID are also consistent with the zoning of commercial property in the area. The eastern boundary is defined by the alleys that separate the commercially zoned properties from single-family residential homes. The western boundary is determined by the residentially zoned properties that border the commercial zone on the west side of Cedros Avenue. The only commercially zoned parcel

outside the western boundary, at the southwest corner of Parthenia Street and Cedros Avenue, is not the same retail-oriented, pedestrian friendly commercial use that is found at the other parcels in the PBID and thus would not benefit from the services proposed by the PBID.

The southern boundary of the PBID extends one parcel deep along the south side of Roscoe Boulevard and one parcel deep along Van Nuys Boulevard to the north side of Titus Street. Although zoned for commercial use, the businesses operating along Titus Street, that do not front Van Nuys Boulevard, are not retail-oriented, pedestrian friendly commercial uses, and would not benefit from the services proposed by the PBID. Most of the uses south of Titus Street are semi-industrial in character and the majority of the uses along Van Nuys Boulevard south of Titus are auto-related uses which are not consistent with the commercial/retail uses found within the Panorama City PBID.

There are three benefit zones in the district. Please see the benefit zone description and assessment formula section which further explains the three benefit zones. All commercial or industrial zoned parcels within the above-mentioned boundaries shall be assessed to fund special benefit services as outlined in this plan. Services will only be provided to these parcels and no services will be provided outside of the district boundaries. Each of the individual parcels assessed shall receive a special benefit from the proposed programs and services.

Services: The Modified Panorama City PBID offers the following services for each individual parcel assessed in the PBID: (1) Care and maintenance of the streetscape and landscape improvements; (2) General maintenance and sanitation of the area to ensure that the Panorama City retail district remains clean and attractive to current and prospective pedestrians and businesses; (3) Highly visible security services to minimize illegal activities, vagrants and loitering and to promote a safe environment for customers and shop owners; (4) A series of cultural, community and special events to promote the cultural diversity of the District and to introduce current and future patrons to the many shopping and dining experiences and the many services available within the Panorama City PBID; (5) A marketing campaign involving activities designed to enhance the image of the District and encourage new consumers to frequent businesses in the PBID and new businesses to locate in the PBID; and, (6) program oversight and monitoring as well as policy development and district management and administration.

Budget: The annual operating budget for 2012 is estimated to be \$449,671.

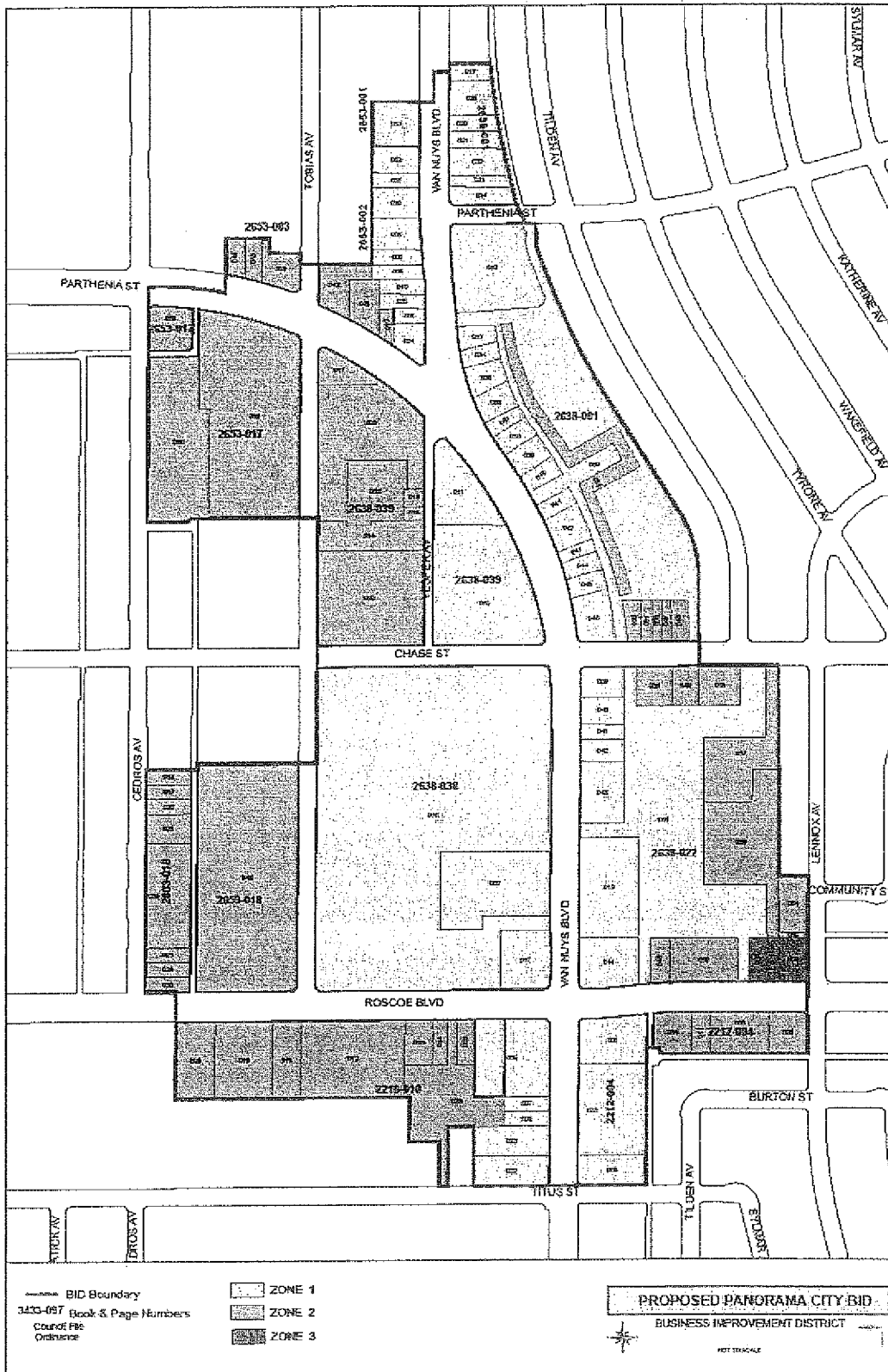
The Owners' Association shall have the right to reallocate up to 10% of the total budget within the budget categories subject to the review and approval of the City. Accrued interest or delinquent payments may be expended in any budget category.

Any funds remaining after the fifth year of operation will be rolled over into the renewal budget or returned to stakeholders. Also, if the funds are available in the fourth year of operations, costs for renewal may be expended. If the District is not renewed or terminated for any reason, unexpended funds will be returned to the property owners.

As stipulated by Proposition 218, assessment District programs and activities may confer a combination of general and special benefits to properties, but the only program benefits that can be assessed are those that provide special benefit to the individual parcels. For the purposes of this analysis, a "general benefit" is hereby defined as: "A benefit to properties in the area and in the surrounding community or benefit to the public in general resulting from the improvement, activity, or service to be provided by the assessment levied." "Special benefit" as defined by the California State Constitution means a distinct benefit over and above general benefits conferred on real property located in the District or to the public at large.

Duration: The effective period of the PBID is January 1, 2009 through December 31, 2013. This Modified Management District Plan applies to 2012 and 2013. At the conclusion of this initial term the PBID may be renewed up to ten years.

III. MAP OF PBID GEOGRAPHIC BOUNDARIES



IV. PROPOSED MODIFIED MANAGEMENT DISTRICT PROGRAM ACTIVITIES
(MULTI-YEAR BUDGET: 2009-2013)

The program activities that will be provided to each individual parcel assessed in the PBID include the following: (1) Maintenance of the landscape/streetscape improvements; (2) General maintenance and sanitation of the PBID; (3) Security; (4) Cultural, community and special events; (5) Marketing and image enhancement; and, (6) PBID management and administration.

The following is a detailed description of the program activities and the percentage of the budget allocated:

1. Landscape/Streetscape Maintenance (24.3%): The landscape and streetscape improvements will require regular, consistent care and maintenance. The streetscape plan proposes fully landscaped medians along the length of Van Nuys Boulevard from the northern to the southern boundary of the district, as well as two smaller medians at the east and west entry points on Roscoe Boulevard. Planters are proposed at the curbside with appropriate trees and/or shrubbery. Landscape improvements are also to be installed on the east west streets at Parthenia, Chase and Titus Streets. A landscape firm is to be employed to maintain the improvements under the administrative management that will oversee the implementation of the PBID program. In addition to the streetscape improvements other beautification shall include decorative banners, directional signage that is unique to the Panorama City PBID, new street furniture and trash receptacles.

This Modified Management District Plan proposes to reduce this budget by \$16,200 starting in Year 2012 due to the fact that the medians have not been constructed yet in Zone 1 and 2.

The Landscape/Streetscape Maintenance service will assist in enhancing the image of the PBID area. This activity is designed to increase vehicular and pedestrian traffic within Panorama City that will increase commerce and attract and retain new business and patrons within the PBID boundaries. Because these maintenance services will only be provided to each individual assessed parcel within the PBID boundaries, these improvements will constitute "special benefits".

2. General Maintenance and Sanitation (36.3%): The goal of the general maintenance and sanitation component of the PBID program is the appearance of the PBID, over the long term, as an attractive and inviting place to shop and obtain services. The PBID will maintain and promote a uniform standard of cleanliness that will be apparent throughout the geographic boundaries of the district. The focus will be regular and continuous removal of paper and litter debris, disposal of leftover packing material and boxes, removal of graffiti, disposal of trash from trash receptacles, etc. A regular and systematic review of the entire PBID area will be conducted to identify any areas that regularly reflect unsanitary or litter conditions. These services are to be provided only within the district boundaries.

The General Maintenance and Sanitation service will assist in enhancing the image of the PBID area. This activity is designed to increase vehicular and pedestrian traffic within Panorama City that will increase commerce and attract and retain new business and patrons within the PBID boundaries. Because these maintenance services will only be provided to each individual assessed parcel within the PBID boundaries, these improvements will constitute "special benefits".

3. Security (18.6%): In order to attract pedestrians and retain businesses, it is critical that visible and continuous security be present during the operating hours of the retail/commercial businesses. Crime is not greater here than in other retail districts throughout the Valley but customers need to feel that it is safe to shop, eat and socialize at the various venues in the district. It is proposed that the security patrol canvass the area regularly throughout the business day. The added security may use bikes and/or cars to conduct regular perimeter and interior patrols of the entire district. The objective is to maintain a highly visible security presence that will deter crime and encourage the image of safe shopping that will maintain and expand the current customer base. Security services will only be provided within the district.

The Security and Safety patrol will assist in creating a safe and secure environment to each individual parcel in the PBID area and enhance Panorama City. This activity is designed to increase vehicular and pedestrian traffic within the Industrial Tract that will increase commerce and attract and retain new business and patrons within the PBID boundaries. Each parcel will benefit because the Security and Safety services will only be provided to each individual assessed parcel within the PBID boundaries, these services constitute "special benefits".

4. **Cultural, Community and Special Events (2.1%):** Currently the district has a diverse customer base which is to be recognized and promoted through cultural and community events sponsored by the PBID and by individual business owners. The PBID Management shall collaborate with business owners to plan, sponsor and conduct a calendar of events that supports and integrates the efforts of both entities. The objective of these cultural and community events is to create an identity and positive image that acknowledges the existing customer base while attracting new consumers, new franchise businesses and the media.

The Cultural, Community and Special Events will assist in creating a vibrant environment to each individual parcel in the PBID area and enhance Panorama City. This activity is designed to increase vehicular and pedestrian traffic within the Industrial Tract that will increase commerce and attract and retain new business and patrons within the PBID boundaries. Each parcel will benefit because the Cultural, Community and Special Events services designed to attract patronage and increase commerce will only be provided to each individual assessed parcel within the PBID boundaries and therefore constitute "special benefits".

5. **Marketing/Image Enhancement (3.1%):** The marketing and image enhancement activities will focus on mechanisms by which to improve the visual image of this shopping district. Banners, way finding signage and other tools will be used to create a "destination" image. These tools will direct customers to the various shopping experiences offered by the Panorama City retail district minimizing the possibility of getting lost or walking out of the way to find a specific retailer.

These improvements will beautify and enhance the image of each individual parcel within Panorama City and thereby increase pedestrian and vehicular traffic to each parcel in the district. This activity is designed to increase commerce and attract and retain new business and patrons within the PBID boundaries. Because the Marketing/Image Enhancement program will only be provided to each individual assessed parcel within the PBID boundaries, these improvements will constitute "special benefits"

6. PBID Management & Administration (10.4%): A 501(c)(6) non-profit corporation, with an elected Board of Directors shall be responsible for the District's program oversight and authorization for disbursement of funds. Support staff such as a manager, bookkeeper and others will be employed and/or contracted with to provide necessary services in program implementation and oversight and regular contact with the Board of Directors.

This component is key to the proper expenditure of PBID assessment funds and the administration of PBID programs and activities that are intended to promote business within the PBID boundaries through increased commerce and the attraction and retention of new business. Because this PBID Management/Administration program exists only for the purposes of the PBID and will only be provided for matters occurring to each individual assessed parcel within the PBID boundaries, this program will constitute a "special benefit".

7. Contingency (5.2%): The contingency will pay for the City/County Collection fees and provide funding for unexpected expenses that the Owners Association may incur in the Program Activities outlined in this Modified Management District Plan. These include the following: Landscape/Streetscape Maintenance, General Maintenance and Sanitation, Security, Cultural, Community and Special Events, Marketing PBID Management and Administration . Assessments not collected will be supplemented from the contingency.

The Contingency budget is designed to enhance the assets and image of the commercial corridor, and thereby increase commerce and promote business within the boundaries of the PBID. Because this contingency services program will only be provided to each individual assessed parcel within the PBID boundaries, this program constitutes a "special benefit".

V. PROGRAM & ACTIVITY BUDGET

2012 OPERATING BUDGET		
ACTIVITY	2012	PERCENT
Landscape/ Streetscape Maintenance	\$109,588	24.3%
Maintenance/ Sanitation	\$163,054	36.3%
Security	\$83,856	18.6%
Cultural/ Community Events	\$9,317	2.1%
Marketing/ Image Enhancement	\$13,976	3.1%
Management/ Administration	\$46,587	10.4%
Contingency	\$23,293	5.2%
Total Funding	\$449,671	100%

ACTIVITY	2009	2010	2011	MODIFIED	MODIFIED
		3%	3%	2012	2013
				3%	3%
Landscape/ Streetscape Maintenance	\$125,785.19	\$129,558.74	\$133,445.50	\$109,588	\$114,111
Maintenance/ Sanitation	\$163,054.87	\$167,946.52	\$172,984.91	\$163,054	\$167,945
Security	\$83,856.79	\$86,872.49	\$88,963.67	\$83,856	\$86,372
Cultural/ Community Events	\$9,317.42	\$9,596.94	\$9,884.85	\$9,317	\$9,596
Marketing/ Image Enhancement	\$13,976.13	\$14,395.42	\$14,827.28	\$13,976	\$14,395
Management/ Administration	\$46,587.11	\$47,984.72	\$49,424.26	\$46,587	\$47,985
Contingency	\$23,293.55	\$23,992.36	\$24,712.13	\$23,293	\$23,992
Total Funding	\$465,871.06	\$479,847.19	\$494,242.61	\$449,671	\$464,396

*The annual increase shall match the annual CPI but in no event shall the assessment exceed 3%.

NOTE: The 2009, 2010 and 2011 show the original MDP amounts. The Panorama PBID was established in 2009 however no assessments were imposed that year. In 2010, a 3% increase was imposed but was not a directive from the PBID's Board of Directors. In 2011 the PBID's Board of Directors did not impose a 3% increase. The 2012 budget reflects a \$16,200 reduction in the Landscape/ Streetscape Maintenance category and eliminates the 3% increase imposed in 2010 in all other categories.

The Modified Panorama City PBID may increase the assessment for each individual parcel by the annual CPI each year during the five-year effective operating period, but in no event shall the assessment increase exceed 3%. The accrued interest and delinquent payments will be expended within the budgeted categories. The Board of the Directors of the Owners Association of the Modified Panorama City PBID shall determine the percentage increase to the annual assessment and the methodology employed to determine the amount of the increase. The PBID Director shall communicate the annual increase to the office of the City Clerk each year in which the PBID operates at a time determined in the Administration Contract held between the Owners Association and the City of Los Angeles. Accrued interest and delinquent payments will be expended within the budget categories in the percentage amount indicated. No bonds are to be issued in conjunction with this modified PBID.

VI. PROPOSED ASSESSMENT FORMULA

The assessment formula is based on three benefit zones. The assessment rate is based on the anticipated benefit to be derived by each individual parcel within the boundary of the Modified Panorama City Business Improvement District (PBID). It was determined that each parcel would not benefit to the same extent and for this reason three benefit zones were developed to create equity in terms of the assessment and which thus reflects the benefit to be derived by each individual parcel.

Because the assessment against each parcel must reflect the special benefit that parcel derives from the District's programs and services, the first step in designing an assessment methodology is to assign "benefit units" to different attributes of parcels. The assignment of benefit units reflects the relative levels of special benefit. There are two types of benefit units.

BUILDING BENEFIT UNITS

- A. **Parcels fronting Van Nuys Boulevard:** This Modified Management District Plan has reduced the amount assigned to each Building Benefit Unit. Each parcel was allocated one (1) Building Benefit Unit at \$0.1785426491 for each square foot of the first floor of each building on parcels fronting Van Nuys Boulevard. Each parcel was allocated one fourth (.25) a Building Benefit Unit at \$0.05 for each square foot of the second floor and higher of each building on parcels fronting Van Nuys Boulevard.

- B. Parcels not fronting Van Nuys Boulevard: This Modified Management District Plan has reduced the amount assigned to each Building Benefit Unit. Each parcel was allocated three fourths (.75) a Building Benefit Unit at \$0.14808076 for each square foot of the first floor of each building on the parcels not fronting Van Nuys Boulevard. Each parcel was allocated one sixth (.16) a Building Benefit Unit at \$0.03 for each square foot of the second floor and higher of each building on parcels not fronting Van Nuys Boulevard.
- C. Lot Benefit Units: The parcels were allocated one Lot Benefit Unit for each square foot of the parcel's surface area at \$0.05 per square foot.
- D. Public Owned Land: Public owned vacant land should be assessed at the same lot square footage cost at \$0.05 per square foot.

BENEFIT ASSESSMENT ZONE 1: The primary advantage of the PBID is derived by those parcels that have frontage along Van Nuys Boulevard. The main boulevard within the PBID, Van Nuys, experiences a significantly higher traffic pattern of both pedestrians and vehicles. As a result there is a higher level of daily clean-up and maintenance of the landscaping. The landscaping and aesthetic improvements along Van Nuys Boulevard will be to the maximum benefit of each individual parcel at street level facing the Boulevard. These parcels also benefit to the greatest extent from the other activities to be undertaken in improving the area. However, even within Benefit Assessment Zone 1, the special benefit is not uniformly equal. For this reason, several formula factors were created to comprise the total assessment, and the Zone 1 assessment consists of the combined formula factors of *Benefit Assessment 1.1 (ground floor building square footage times \$0.1785426491) plus 1.2 (upper floor building square footage times \$0.05) plus 1.3 (parcel lot square footage times \$0.05)*. Further defined, these formula factors are as follows:

BENEFIT ASSESSMENT ZONE 1 FORMULA FACTORS

- **Benefit Assessment Formula Factor 1.1:** The ground floor improvement (structure) of parcels that face Van Nuys Boulevard. This portion of the assessment formula factor is based on the total square feet of the first floor improvement on Van Nuys Boulevard. For those parcels that face Van Nuys Boulevard, the ground floor level is deemed to receive the greatest benefit and therefore a higher assessment formula factor for the ground floor/level from the improvements to the PBID due to the direct pedestrian access each parcel has to the full range of street-level PBID services.

The highest assessment is for parcels with an improvement (structure) and Van Nuys Boulevard frontage due to the special benefits to be received based on the total square feet of the first floor improvement.

Assessment Rate: \$0.1785426491 per square foot

PLUS

- Benefit Assessment Formula Factor 1.2: The improvement (structure) for all other levels (not the ground floor) of parcels that face Van Nuys Boulevard. This portion of the assessment formula factor is based on the total square feet of the improvement/structure (other than the ground floor) for those parcels that face Van Nuys Boulevard. This assessment formula factor was developed to recognize the greater special benefit received by the ground floor level of structures that face Van Nuys Boulevard and minimize the inequity of assessing the entire structure equally when the primary benefits diminish significantly after the first floor. Floors above the first floor will benefit from all PBID services, but the indirect pedestrian access to street-level services greatly reduces the special benefits received on these floors.

Assessment Rate: \$.05 per square foot

PLUS

- Benefit Assessment Formula Factor 1.3: The total parcel lot square footage. It was recognized that the proposed activities such as maintenance, graffiti removal, security, marketing, etc. would benefit all parcels to the same degree. Thus, Benefit Assessment Formula Factor 1.3 was created as the base assessment formula that is applied equally to all parcels within the PBID. This assessment reflects a flat fee of \$.05 per parcel square foot and is assessed to all parcels. It reflects the minimum benefit that is shared equally by all parcels.

Assessment Rate: \$.05 per square foot

ZONE 1	Total Assessment Amount	=	(Ground Floor Building Sq Ft X
			\$0.1785426491)
			+
(Upper Floor Building Sq Ft X \$0.05)			
			+
			(Parcel Lot Sq Ft X \$0.05)

As an example, the assessment for a Zone 1 business on a 5000 sq. ft. lot that has a 1000 sq. ft. one-story building would be as follows:

Parcel Lot Factor (5000 X \$0.05) = \$250	+	Ground Floor Factor (1000 X \$0.1785426491) = \$178.54	+	Upper Floor Factor (0 X \$0.05) = \$0	=	Total Assessment Amount = \$428.54
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Each zone varies on the level of benefits received. Therefore the amount for the assessment factors vary accordingly in each zone to match the level of received benefit to each individual parcel.

BENEFIT ASSESSMENT ZONE 2: This zone was created in recognition that the proposed activities such as maintenance, graffiti removal, security, marketing, etc. do not benefit each parcel equally. The main boulevard of Van Nuys experiences a significantly higher traffic pattern of both pedestrians and vehicles. As a result there is a higher level of daily clean-up and maintenance of the landscaping. The extra time and required attention devoted to Van Nuys Boulevard should not be paid for by those parcels on the cross streets of Parthenia and Chase as well as the north south streets of Tobias and Cedros. For this reason **Benefit Assessment Zone 2** was created. However, within Benefit Assessment Zone 2, the special benefit is not uniformly equal. For this reason, several formula factors were created to comprise the total assessment, and the Zone 2 assessment consists of the combined formula factors of **Benefit Assessment 2.1 (ground floor building square footage times \$ 0.14808076) plus 2.2 (upper floor building square footage times \$0.03) plus 2.3 (parcel lot square footage times \$0.05)**. These formula factors are defined as follows:

BENEFIT ASSESSMENT ZONE 2 FORMULA FACTORS

- **Benefit Assessment Formula Factor 2.1:** The ground floor improvement (structure) of parcels that do not face Van Nuys Boulevard. This portion of the assessment formula factor is based on the total square feet of the first floor improvement for streets other than Van Nuys Boulevard. For those parcels that do not face Van Nuys Boulevard, the ground floor level is deemed to receive the greatest benefit and therefore a higher assessment formula factor for the ground floor/level from the improvements to the PBID due to the direct pedestrian access each parcel has to the full range of street-level PBID services.

The ground floor assessment for formula factor 2.1 is reduced compared to the ground floor assessment for formula factor 1.1 to account for the reduced amount of daily clean-up and maintenance of landscaping that Zone 2 will receive in comparison to Zone 1.

Assessment Rate: \$ 0.14808076 per square foot

PLUS

- Benefit Assessment Formula Factor 2.2: The improvement (structure) for all other levels (not the ground floor) of parcels that do not face Van Nuys Boulevard. This portion of the assessment formula factor is based on the total square feet of the improvement/structure (other than the ground floor) for those parcels that do not face Van Nuys Boulevard. This assessment formula factor was developed to recognize the greater special benefit received by the ground floor level of structures that do not face Van Nuys Boulevard and minimize the inequity of assessing the entire structure equally when the primary benefits diminish significantly after the first floor. Floors above the first floor will benefit from all PBID services, but the indirect pedestrian access to street-level services greatly reduces the special benefits received on these floors.

The non-ground floor assessment for formula factor 2.2 is reduced compared to the non-ground floor assessment for formula factor 1.2 to account for the reduced amount of PBID services that Zone 2 will receive in comparison to Zone 1.

Assessment Rate: \$.03 per square foot

PLUS

- Benefit Assessment Formula Factor 2.3: The total parcel lot square footage. It was recognized that the proposed activities such as maintenance, graffiti removal, security, marketing, etc. would benefit all parcels to the same degree. Thus, Benefit Assessment Formula Factor 2.3 was created as the base assessment formula that is applied equally to all parcels within the PBID. This assessment reflects a flat fee of \$.05 per parcel square foot and is assessed to all parcels. It reflects the minimum benefit that is shared equally by all parcels.

Assessment Rate: \$.05 per square foot

ZONE 2	Total Assessment Amount	=	(Ground Floor Building Sq Ft X \$ 0.14808076) + (Upper Floor Building Sq Ft X \$0.03) + (Parcel Lot Sq Ft X \$0.05)
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An example for a Zone 2 business on a 5000 sq. ft. lot that has a 3000 sq. ft. three-story building (each story having equal square footage), would be as follows:

Parcel Lot Factor (5000 X \$0.05) = \$250	+	Ground Floor Factor (1000 X \$0.14808076) = \$148.08	+	Upper Floor Factor (2000 X \$0.05) = \$100	=	Total Assessment Amount = \$498.08
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Each zone varies on the level of benefits received. Therefore the amount for the assessment factors vary accordingly in each zone to match the level of received benefit.

BENEFIT ASSESSMENT ZONE 3: This zone was created in recognition that public parcels are not retail commercial in nature. These public parcels will receive minimum benefits from the proposed PBID services and programs and will be assessed accordingly. Thus, Zone 3 is applied as the equal assessment rate for parcel square footage as to all parcels for the minimum benefit derived from inclusion within an operating business improvement district.

Assessment Rate: \$0.05 per square foot

For zone 3, the formula is as follows:

ZONE 3	Total Assessment Amount	=	(Parcel Lot Sq Ft X \$0.05)
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An example for a Zone 3 business on a 5000 sq. ft. lot, would be as follows:

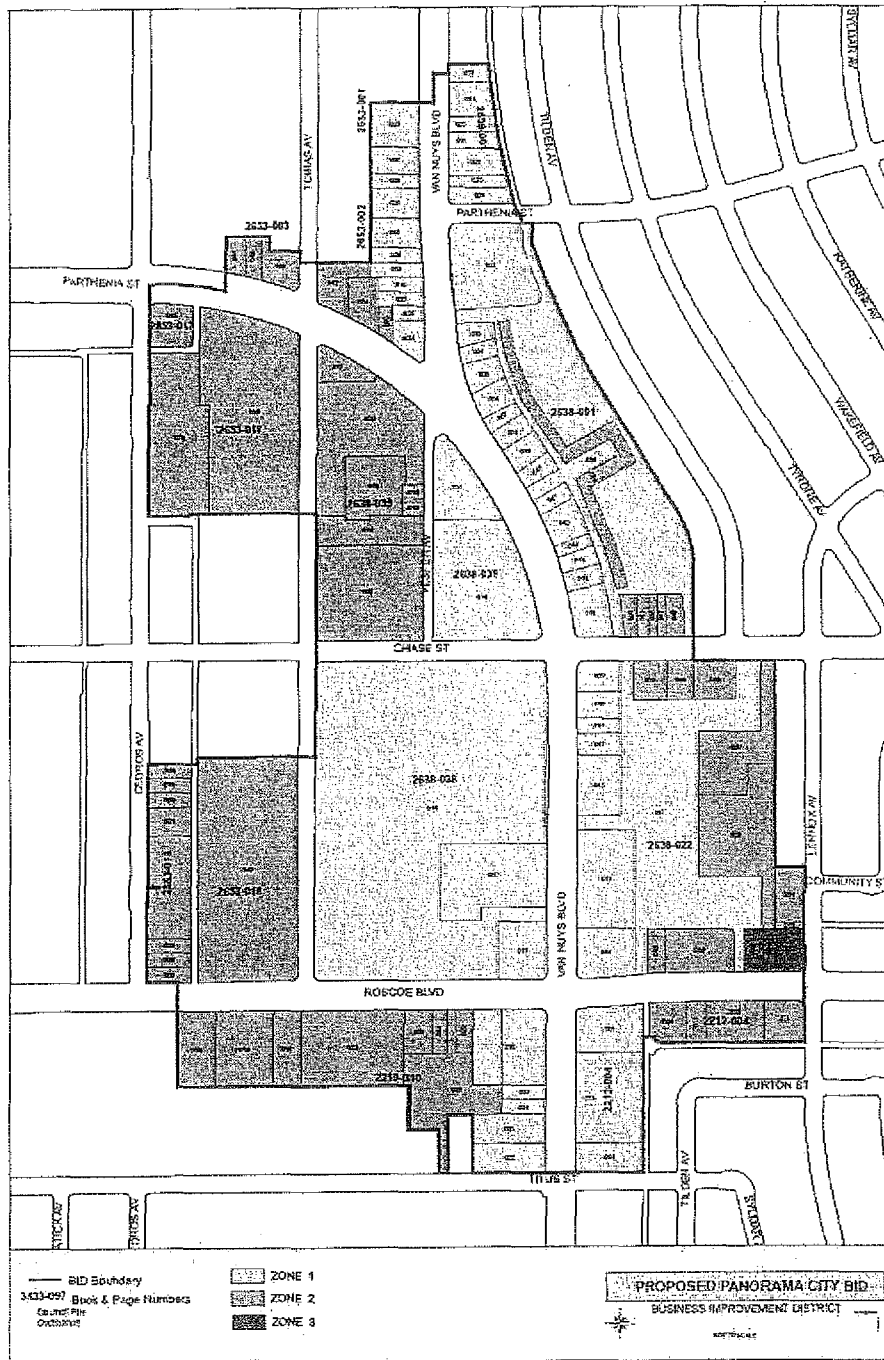
Parcel Lot Factor (5000 X \$0.05) = \$250	=	Total Assessment Amount = \$250
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The Property Owner's Database is included herein as Appendix I. The Proposed Assessment Formula contains specific detail on the per parcel assessment. The assessment is to be included on the property owner's tax statement issued and collected by the Los Angeles County Assessor's Office.

VII. PUBLICLY OWNED PARCELS

At this time only three (3) parcels were found which were identified as owned by a public entity. The three parcels referenced are located in the block bounded by Chase Street to the north; Roscoe Boulevard to the south; Lennox Avenue to the east; and, Van Nuys Boulevard to the west. The parcel numbers are as follows: 2638-022-900; 2638-022-901; and, 2638-022-902. All three parcels are owned by the City of Los Angeles.

VIII. BENEFIT ASSESSMENT ZONE MAP



Benefit Assessment Zone 1

Benefit Assessment Zone 2

Benefit Assessment Zone 3

IX. PBID DISTRICT GOVERNANCE

A 501(c)(6) non-profit organization is to be formed as the management entity for the Modified Panorama City Business Improvement District. It is currently proposed that the program activities be coordinated and managed by the non-profit corporation. At this time it is anticipated that support staff; i.e., Manager, bookkeeper, marketing consultant, etc. shall be employed and supervised by the Owners Association elected to the non-profit Panorama City PBID Corporation Inc. The monitoring and oversight shall be the responsibility of the Board of Directors and the coordination and implementation of the program activities shall be the responsibility of the employees and/or consultant contracted for this purpose.

X. PROPOSED RULES AND REGULATION APPLIED TO THE DISTRICT

There are no specific rules or regulations applied to this District

XI. OTHER ITEMS

No bonds will be issued for any PBID projects.

XII. MODIFIED MANAGEMENT DISTRICT PLAN AUTHOR

The Modified Management District Plan's author is Susan Levi and the plan was produced by Susan Levi & Associates, Inc.

APPENDIX 1

No.	APN	BENEFIT ZONE 1			BENEFIT ZONE 2			BENEFIT ZONE 3	TOTAL ASMT	ASMT %
		1.1	1.2	1.3	2.1	2.2	2.3			
		Van Nuys properties. First floor only	Van Nuys upper floors	Parcel square feet	Non-Van Nuys first floor	Non-Van Nuys upper floors	Parcel square feet			
		\$0.1785426491	\$0.05	\$0.05	\$0.148080760	\$0.03	\$0.05	\$0.05		
1	2210-010-011				\$1,203		\$1,244		\$2,446.71	0.54%
2	2210-010-012				\$1,373		\$4,058		\$5,430.16	1.21%
3	2210-010-022	\$663	\$186	\$1,250					\$2,098.12	0.47%
4	2210-010-023	\$2,638	\$739	\$1,250					\$4,626.49	1.03%
5	2210-010-028						\$3,666		\$3,665.50	0.82%
6	2210-010-029				\$1,066	\$216	\$450		\$1,732.18	0.39%
7	2210-010-033				\$839		\$712		\$1,550.87	0.34%
8	2210-010-034				\$885	\$179	\$375		\$1,439.21	0.32%
9	2210-010-037	\$1,141	\$319	\$375					\$1,835.27	0.41%
10	2210-010-038	\$542	\$152	\$375					\$1,068.86	0.24%
11	2210-010-039	\$2,658	\$3,721	\$3,251					\$9,629.96	2.14%
12	2212-004-001	\$3,976	\$1,114	\$1,811					\$6,900.14	1.53%
13	2212-004-008	\$2,387		\$1,148					\$3,534.26	0.79%
14	2212-004-011			\$455					\$455.00	0.10%
15	2212-004-033	\$5,037		\$3,542					\$8,579.15	1.91%
16	2212-004-034				\$3,298	\$68	\$871		\$4,236.26	0.94%
17	2212-004-035				\$318		\$930		\$1,247.13	0.28%
18	2212-004-036				\$657	\$133	\$1,365		\$2,155.68	0.48%
19	2638-001-003				\$878		\$70		\$948.27	0.21%
20	2638-001-033	\$736		\$450					\$1,186.13	0.26%
21	2638-001-034	\$665	\$186	\$391					\$1,241.86	0.28%
22	2638-001-035	\$1,068	\$299	\$607					\$1,974.60	0.44%
23	2638-001-038	\$1,134		\$458					\$1,591.42	0.35%
24	2638-001-039	\$1,907		\$584					\$2,490.34	0.55%
25	2638-001-040	\$1,393		\$425					\$1,817.63	0.40%
26	2638-001-041	\$1,236	\$173	\$392					\$1,800.52	0.40%
27	2638-001-042	\$2,507		\$806					\$3,313.10	0.74%
28	2638-001-043	\$741		\$283					\$1,023.95	0.23%

No.	APN	BENEFIT ZONE 1			BENEFIT ZONE 2			BENEFIT ZONE 3	TOTAL ASMT	ASMT %
		1.1	1.2	1.3	2.1	2.2	2.3			
		Van Nuys properties. First floor only	Van Nuys upper floors	Parcel square feet	Non-Van Nuys first floor	Non-Van Nuys upper floors	Parcel square feet	Public Parcel square feet		
		\$0.1785426491	\$0.05	\$0.05	\$0.148080760	\$0.03	\$0.05	\$0.05		
29	2638-001-044	\$772		\$392					\$1,163.84	0.26%
30	2638-001-045	\$1,174		\$436					\$1,609.24	0.36%
31	2638-001-046	\$1,033		\$1,111					\$2,144.23	0.48%
32	2638-001-047				\$578		\$210		\$787.51	0.18%
33	2638-001-048				\$888		\$436		\$1,323.98	0.29%
34	2638-001-050				\$371		\$208		\$578.89	0.13%
35	2638-001-051				\$817	\$166	\$283		\$1,265.51	0.28%
36	2638-001-053	\$8,308		\$3,899					\$12,206.55	2.71%
37	2638-001-056	\$1,967		\$593					\$2,559.98	0.57%
38	2638-001-057	\$1,090	\$305	\$318					\$1,712.95	0.38%
39	2638-001-058				\$3,287		\$2,723		\$6,009.89	1.34%
40	2638-001-059			\$14,092					\$14,091.65	3.13%
41	2638-022-019	\$1,034	\$290	\$600					\$1,924.06	0.43%
42	2638-022-038						\$725		\$724.85	0.16%
43	2638-022-039	\$2,678		\$765					\$3,443.44	0.77%
44	2638-022-040	\$1,853		\$694					\$2,546.31	0.57%
45	2638-022-041	\$1,093		\$382					\$1,474.83	0.33%
46	2638-022-042	\$1,876		\$562					\$2,437.79	0.54%
47	2638-022-043	\$4,966		\$1,575					\$6,540.93	1.45%
48	2638-022-044	\$3,055		\$1,699					\$4,753.01	1.06%
49	2638-022-045				\$281		\$498		\$779.70	0.17%
50	2638-022-048				\$684		\$911		\$1,595.38	0.35%
51	2638-022-049				\$593	\$120	\$610		\$1,323.14	0.29%
52	2638-022-050				\$2,920		\$1,721		\$4,640.80	1.03%
53	2638-022-054				\$1,772	\$359	\$1,091		\$3,222.45	0.72%
54	2638-022-057				\$593	\$120	\$2,620		\$3,333.19	0.74%
55	2638-022-059				\$1,460	\$296	\$4,225		\$5,981.18	1.33%
56	2638-022-061	\$111	\$31	\$17,816					\$17,958.20	3.99%
57	2638-022-900							\$723	\$723.20	0.16%
58	2638-022-901							\$300	\$300.00	0.07%
59	2638-022-902							\$480	\$480.00	0.11%
60	2638-038-002	\$17,758	\$4,973	\$4,365					\$27,096.01	6.03%
61	2638-038-016	\$29,612		\$37,200					\$66,812.26	14.86%

No.	APN	BENEFIT ZONE 1			BENEFIT ZONE 2			BENEFIT ZONE 3	TOTAL ASMT	ASMT %
		1.1	1.2	1.3	2.1	2.2	2.3			
		Van Nuys properties. First floor only	Van Nuys upper floors	Parcel square feet	Non-Van Nuys first floor	Non-Van Nuys upper floors	Parcel square feet	Public Parcel square feet		
		\$0.1785426491	\$0.05	\$0.05	\$0.148080760	\$0.03	\$0.05	\$0.05		
62	2638-038-017	\$1,696		\$1,634					\$3,329.66	0.74%
63	2638-039-010	\$3,383	\$947	\$6,512					\$10,841.97	2.41%
64	2638-039-011			\$2,265					\$2,265.00	0.50%
65	2638-039-015				\$4,278		\$1,960		\$6,237.76	1.39%
66	2638-039-017				\$362		\$849		\$1,211.75	0.27%
67	2638-039-018				\$442		\$150		\$591.18	0.13%
68	2638-039-019				\$662		\$224		\$886.82	0.20%
69	2638-039-020				\$2,809		\$5,532		\$8,341.49	1.86%
70	2638-039-021				\$7,891		\$7,514		\$15,405.18	3.43%
71	2639-001-017	\$188.36	\$52.75	\$422.50					\$663.61	0.15%
72	2639-001-020	\$515.27		\$412.50					\$927.77	0.21%
73	2639-001-021	\$730.78	\$204.65	\$527.00					\$1,462.43	0.33%
74	2639-001-022	\$936.99	\$262.40	\$864.00					\$2,063.39	0.46%
75	2639-001-023	\$1,003		\$414					\$1,416.70	0.32%
76	2639-001-024			\$656					\$655.50	0.15%
77	2639-001-026	\$1,206.23	\$337.80	\$897.50					\$2,441.53	0.54%
78	2653-001-033	\$867	\$243	\$1,209					\$2,318.60	0.52%
79	2653-002-006	\$1,343	\$376	\$839					\$2,558.33	0.57%
80	2653-002-008	\$932		\$434					\$1,365.89	0.30%
81	2653-002-009			\$437					\$436.95	0.10%
82	2653-002-010	\$739	\$207	\$388					\$1,334.57	0.30%
83	2653-002-030	\$443	\$124	\$813					\$1,380.01	0.31%
84	2653-002-034			\$588					\$588.00	0.13%
85	2653-002-035			\$388					\$387.50	0.09%
86	2653-002-036	\$588	\$165	\$284					\$1,036.71	0.23%
87	2653-002-038	\$436		\$407					\$842.87	0.19%
88	2653-002-040				\$206		\$316		\$522.13	0.12%
89	2653-002-041				\$355		\$831		\$1,185.89	0.26%
90	2653-002-042				\$1,246		\$1,069		\$2,314.95	0.51%
91	2653-002-062	\$1,000		\$728					\$1,727.64	0.38%
92	2653-003-044						\$423		\$423.00	0.09%
93	2653-003-045				\$670	\$136	\$425		\$1,230.99	0.27%
94	2653-003-119				\$929		\$836		\$1,765.21	0.39%

No.	APN	BENEFIT ZONE 1			BENEFIT ZONE 2			BENEFIT ZONE 3	TOTAL ASMT	ASMT %
		1.1	1.2	1.3	2.1	2.2	2.3			
		Van Nuys properties. First floor only	Van Nuys upper floors	Parcel square feet	Non-Van Nuys first floor	Non-Van Nuys upper floors	Parcel square feet	Public Parcel square feet		
		\$0.1785426491	\$0.05	\$0.05	\$0.148080760	\$0.03	\$0.05	\$0.05		
95	2653-017-050				\$1,735		\$1,094		\$2,828.86	0.63%
96	2653-017-059				\$8,390	\$1,700	\$10,890		\$20,979.70	4.67%
97	2653-017-060				\$15,891		\$5,380		\$21,270.49	4.73%
98	2653-018-018						\$375		\$375.00	0.08%
99	2653-018-019						\$375		\$375.00	0.08%
100	2653-018-020						\$375		\$375.00	0.08%
101	2653-018-021						\$750		\$750.00	0.17%
102	2653-018-028						\$375		\$375.00	0.08%
103	2653-018-029						\$375		\$375.00	0.08%
104	2653-018-030						\$375		\$375.00	0.08%
105	2653-018-039						\$2,625		\$2,625.00	0.58%
106	2653-018-040				\$21,957		\$13,286		\$35,242.33	7.84%
TOTAL		\$124,812.1433	\$15,406.97	\$125,467.60	\$92,587.20	\$3,492.21	\$86,401.75	\$1,503.20	\$449,671.0800	100.00%

THE PANORAMA CITY PRID - MODIFIED ENGINEER'S REPORT

**THE PANORAMA CITY
PROPERTY BUSINESS IMPROVEMENT
DISTRICT**

*Formed and Modified Under California Streets and Highways Code Section 36600 et seq.
Property and Business Improvement District Act of 1994*

MODIFIED

**DISTRICT
ASSESSMENT ENGINEER'S
REPORT**

ATTACHMENT A

*Prepared by
Edward V. Henning
California Registered Professional Engineer # 26549
Edward Henning & Associates*

JUNE 30, 2011

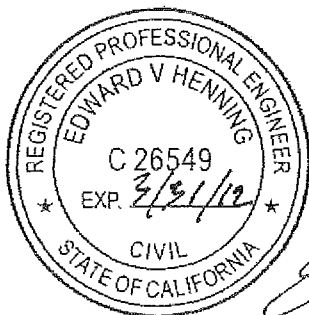
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GENERAL INVESTIGATION

DISTRICT ASSESSMENT ENGINEER'S REPORT

To Whom It May Concern:

I hereby certify to the best of my professional knowledge and experience that each of the identified benefiting properties located within the existing Panorama City Property Business Improvement District ("Panorama City PBID") being modified for the final 2 years of the current 5 years term will receive a special benefit over and above the benefits conferred on the public at large and that the amount of the proposed assessment is proportional to, and no greater than the benefits conferred on each respective property.

Prepared by Edward V. Henning, California Registered Professional Engineer # 26549



Edward V. Henning

Edward V. Henning RPE #26549

6-30-11
Date

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Introduction

This report serves as the “detailed engineer’s report” required by Section 4(b) of Article XIII D of the California Constitution (Proposition 218) to support the benefit property assessments proposed to be levied within the Panorama City PBID in the City of Los Angeles, California being modified for the final 2 years of the current 5 year term. The modification involves a partial budget reduction and corresponding assessment rate reduction for one formula component as discussed later in this Report. The discussion and analysis contained within this Report constitutes the required “nexus” of rationale between assessment amounts levied and special benefits derived by properties within the Panorama City PBID. This Report is based in part on an earlier Engineer’s Report prepared for the Panorama City PBID formation in June 2008 by Yunus Rahi, R.C.E. No. 59183.

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Background

The Panorama City PBID is a property-based benefit assessment type district being modified pursuant to Section 36600 et seq. of the California Streets and Highways Code, also known as the Property and Business Improvement District Law of 1994 (the "Act"). Due to the benefit assessment nature of assessments levied within a PBID, district program costs are to be distributed amongst all identified benefiting properties based on the proportional amount of program benefit each property is expected to derive from the assessments collected. Within the Act, frequent references are made to the concept of relative "benefit" received from PBID programs and activities versus amount of assessment paid. Only those properties expected to derive special benefits from PBID funded programs and activities may be assessed and only in an amount proportional to the relative benefits expected to be received.

The method used to determine special benefits derived by each identified property within a PBID begins with the selection of a suitable and tangible basic benefit unit. For property related services, such as those proposed in the Panorama City PBID, the benefit unit may be measured in linear feet of primary street frontage or parcel size in square feet or building size in square feet or number of building floors or proximity to major corridors in average linear feet, or any combination of these factors. Quantity takeoffs for each parcel are then measured or otherwise ascertained. From these figures, the amount of benefit units to be assigned to each property can be calculated. Special circumstances such as unique geography, land uses, development constraints etc. are carefully reviewed relative to specific programs and improvements to be funded by the PBID in order to determine any levels of different benefit which may apply on a parcel-by-parcel or categorical basis.

Based on the factors described above such as geography and nature of programs and activities proposed, an assessment formula is developed which is derived from a singular or composite basic benefit unit factor or factors. Within the assessment formula, different factors may be assigned different "weights" or percentage of values based on their relationship to programs/services to be funded.

Next, all program and activity costs, including incidental costs, District administration and ancillary program costs, are estimated. It is noted, as stipulated in Proposition 218, and now required of all property based assessment Districts, indirect or general benefits may not be incorporated into the assessment formula and levied on the District properties; only direct or "special" benefits and costs may be considered. Indirect or general benefit costs, if any, must be identified and, if quantifiable, calculated and factored out of the assessment cost basis to produce a "net" cost figure. In addition, Proposition 218 no longer automatically exempts government owned property from being assessed and if special benefit is determined to be conferred upon such properties, they must be assessed in proportion to special benefits conferred in a manner similar to privately owned property assessments.

From this, the value of a basic benefit unit or "basic net unit cost" can be computed by dividing the total amount of

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estimated net program costs by the total number of benefit units. The amount of assessment for each parcel can be computed at this time by multiplying the Net Unit Cost times the number of Basic Benefit Units per parcel. This is known as "spreading the assessment" or the "assessment spread" in that all costs are allocated proportionally or "spread" amongst all properties within the PBID.

The method and basis of spreading program costs varies from one PBID to another based on local geographic conditions, types of programs and activities proposed, and size and development complexity of the District. PBIDs may require secondary benefit zones to be identified to allow for a tiered assessment formula for variable or "stepped-down" benefits derived.

Supplemental Proposition 218 Procedures and Requirements

Proposition 218, approved by the voters of California in November of 1996, adds a supplemental array of procedures and requirements to be carried out prior to levying a property-based assessment like the Panorama City PBID. These requirements are in addition to requirements imposed by State and local assessment enabling laws. These requirements were "chaptered" into law as Article XIII D of the California Constitution.

Since Prop 218 provisions will affect all subsequent calculations to be made in the final assessment formula for the Panorama City PBID, Prop 218 requirements will be taken into account. The key provisions of Prop 218 along with a description of how the Panorama City PBID complies with each of these provisions are delineated below.

(Note: All section references below pertain to Article XIII of the California Constitution):

Finding 1. From Section 4(a): "Identify all parcels which will have a special benefit conferred upon them and upon which an assessment will be imposed"

There are 106 parcels within the modified Panorama City PBID "identified" as assessable parcels that will derive special benefit from the proposed District programs and activities. The benefits are special and unique only to the identified parcels within the District because programs and services (i.e. maintenance, security, special events, marketing; administration; and, contingency) will only be provided directly for the identified parcels. These identified benefiting parcels are located within the PBID perimeter boundary which is shown on the Boundary Map included in the Management District Plan and are listed as an attachment to the Plan and this Report - identified by assessor parcel number. Any future development and/or land subdivisions will adhere to the assessment rate structures described herein. There are 3 benefit zones within the PBID. Please see the benefit zone description and assessment formula section which further explains the three benefit zones.

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The modified Panorama City PBID is located in the heart of the Panorama City community, which is in the Northeast San Fernando Valley. The specific boundaries are Parthenia Street to the north, including the commercially zoned properties along Van Nuys Boulevard to the north; the south block face of Roscoe Boulevard from Cedros Avenue to Van Nuys Boulevard, both sides of Van Nuys Boulevard south to Titus Street and east on the South side of Roscoe Boulevard to Lennox Avenue as the southern boundary; only the commercial properties west of Lennox and Tilden Avenues as the eastern boundary; and, the commercial properties on the east side of the street on Cedros Avenue as the western boundary. Property zoned exclusively residential will not be assessed.

PBID Boundary: The boundary for the modified Panorama City Business Improvement District was determined based on the distinct retail/commercial character of the currently operating businesses and the long-term recognition of this area as a consumer shopping area. The uses of properties that form the boundaries to the north, east, and west of the PBID boundary are residential in character. The northern boundary of the PBID extends along Van Nuys Boulevard north of Parthenia Street to include the retail/commercial establishments. The eastern boundary extends as far as Lennox and Tilden Avenues, and the western boundary extends to Cedros. The southern boundary at Titus Street was determined as appropriate because there is no quantifiable benefit to be gained from the services to be offered through the PBID. Additionally, the businesses to the south of Titus Street represent a different culture with auto-related uses and other businesses that do not promote the pedestrian friendly environment of the selected PBID boundary. A map of the Panorama City boundary may be found on page 5 in the Modified Management District Plan.

The northern boundary is identical to the zoning of retail/commercial property in the area, and ends mid-block on Parthenia Street where the zoning changes to become multi-family, residential units. The east and west boundaries of the Panorama City PBID are also consistent with the zoning of commercial property in the area. The eastern boundary is defined by the alleys that separate the commercially zoned properties from single-family residential homes. The western boundary is determined by the residentially zoned properties that border the commercial zone on the west side of Cedros Avenue. The only commercially zoned parcel outside the western boundary, at the southwest corner of Parthenia Street and Cedros Avenue, is not the same retail-oriented, pedestrian friendly commercial use that is found at the other parcels in the PBID and thus would not benefit from the services proposed by the PBID.

The southern boundary of the PBID extends one parcel deep along the south side of Roscoe Boulevard and one parcel deep along Van Nuys Boulevard to the north side of Titus Street. Although zoned for commercial use, the businesses operating along Titus Street, that do not front Van Nuys Boulevard, are not retail-oriented, pedestrian friendly commercial uses, and would not benefit from the services proposed by the PBID. Most of the uses south of Titus Street are semi-industrial in character and the majority of the uses along Van Nuys Boulevard south of Titus are auto-related uses which are not consistent with the commercial/retail uses found within the Panorama City PBID.

There are three benefit zones in the district. Please see the benefit zone description and assessment formula

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section which further explains the three benefit zones. All commercial or industrial zoned parcels within the above-mentioned boundaries shall be assessed to fund special benefit services as outlined in this plan. Services will only be provided to these parcels and no services will be provided outside of the district boundaries. Each of the individual parcels assessed shall receive a special benefit from the proposed programs and services.

All identified parcels within the above-described boundaries will be assessed to fund special benefit services, programs and improvements as outlined in this report and the Management District Plan. PBID funded activities will only be provided to parcels inside the District boundaries – none outside. All PBID funded programs and services are considered supplemental above normal base level services provided by the City of Los Angeles and only within the boundaries of the Panorama City PBID.

Finding 2. From Section 4(a): “Separate general benefits (if any) from the special benefits conferred on parcel(s). Only special benefits are assessable. “

As stipulated by Proposition 218, assessment District programs and activities may confer a combination of general and special benefits to properties, but the only program benefits that can be assessed are those that provide special benefit to the property owners. For the purposes of this analysis, a “general benefit” is hereby defined as: “A benefit to properties in the area and in the surrounding community or benefit to the public in general resulting from the improvement, activity, or service to be provided by the assessment levied”. “Special benefit” as defined by the California State Constitution means a distinct benefit over and above general benefits conferred on real property located in the District or to the public at large.

The property uses within the boundaries of the PBID which will receive special benefits from PBID funded programs and services are currently a mix of retail, office and parking. Services, programs and improvements provided by the District are primarily designed to provide special benefits to identified commercial parcels within the boundaries of the district.

Existing City of Los Angeles services will be enhanced, not replaced or duplicated, by PBID services. In the case of the Panorama City PBID, the very nature of the purpose of this District is to fund supplemental programs, improvements and services within the PBID boundaries above and beyond what is being currently funded either via normal tax supported methods or other funding sources. These services, programs and improvements, are designed to enhance the commercial core uses, increase tenancy and marketing of the properties in the PBID and improve the aesthetic appearance of the PBID as a whole. All benefits derived from the assessments to be levied on parcels within the PBID are for services, programs and improvements directly benefiting each individual parcel within this area and support increased cleanliness, commerce, business attraction and retention, increased property rental income and improved District identity. No services will be provided beyond the PBID boundaries.

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The Modified Panorama City PBID offers the following services for each individual parcel assessed in the PBID:

1. Landscape/Streetscape Maintenance (24.3%): The landscape and streetscape improvements will require regular, consistent care and maintenance. The streetscape plan proposes fully landscaped medians along the length of Van Nuys Boulevard from the northern to the southern boundary of the district. Planters are proposed at the curbside with appropriate trees and/or shrubbery. Landscape improvements are also to be installed on the east west streets at Parthenia, Chase and Titus Streets. A landscape firm is to be employed to maintain the improvements under the administrative management that will oversee the implementation of the PBID program. In addition to the streetscape improvements other beautification shall include decorative banners, directional signage that is unique to the Panorama City PBID, new street furniture and trash receptacles.

This Modified Management District Plan proposes to reduce this budget by \$16,200 starting in Year 2012 due to the fact that the medians have not been constructed yet in Zone 1 and 2.

The Landscape/Streetscape Maintenance service will assist in enhancing the image of the PBID area. This activity is designed to increase vehicular and pedestrian traffic within Panorama City that will increase commerce and attract and retain new business and patrons within the PBID boundaries. Because these maintenance services will only be provided to each individual assessed parcel within the PBID boundaries, these improvements will constitute "special benefits".

2. General Maintenance and Sanitation (36.3%): The goal of the general maintenance and sanitation component of the PBID program is the appearance of the PBID, over the long term, as an attractive and inviting place to shop and obtain services. The PBID will maintain and promote a uniform standard of cleanliness that will be apparent throughout the geographic boundaries of the district. The focus will be regular and continuous removal of paper and litter debris, disposal of leftover packing material and boxes, removal of graffiti, disposal of trash from trash receptacles, etc. A regular and systematic review of the entire PBID area will be conducted to identify any areas that regularly reflect unsanitary or litter conditions. These services are to be provided only within the district boundaries.

The General Maintenance and Sanitation service will assist in enhancing the image of the PBID area. This activity is designed to increase vehicular and pedestrian traffic within Panorama City that will increase commerce and attract and retain new business and patrons within the PBID boundaries. Because these maintenance services will only be provided to each individual assessed parcel within the

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PBID boundaries, these improvements will constitute "special benefits".

3. *Security (18.6%):* In order to attract pedestrians and retain businesses, it is critical that visible and continuous security be present during the operating hours of the retail/commercial businesses. Crime is not greater here than in other retail districts throughout the Valley but customers need to feel that it is safe to shop, eat and socialize at the various venues in the district. It is proposed that the security patrol canvass the area regularly throughout the business day. The added security may use bikes and/or cars to conduct regular perimeter and interior patrols of the entire district. The objective is to maintain a highly visible security presence that will deter crime and encourage the image of safe shopping that will maintain and expand the current customer base. Security services will only be provided within the district.

The Security and Safety patrol will assist in creating a safe and secure environment to each individual parcel in the PBID area and enhance Panorama City. This activity is designed to increase vehicular and pedestrian traffic within the Industrial Tract that will increase commerce and attract and retain new business and patrons within the PBID boundaries. Each parcel will benefit because the Security and Safety services will only be provided to each individual assessed parcel within the PBID boundaries, these services constitute "special benefits".

4. *Cultural, Community and Special Events (2.1%):* Currently the district has a diverse customer base which is to be recognized and promoted through cultural and community events sponsored by the PBID and by individual business owners. The PBID Management shall collaborate with business owners to plan, sponsor and conduct a calendar of events that supports and integrates the efforts of both entities. The objective of these cultural and community events is to create an identity and positive image that acknowledges the existing customer base while attracting new consumers, new franchise businesses and the media. These services shall only be provided within the district.

The Cultural, Community and Special Events will assist in creating a vibrant environment to each individual parcel in the PBID area and enhance Panorama City. This activity is designed to increase vehicular and pedestrian traffic within the Industrial Tract that will increase commerce and attract and retain new business and patrons within the PBID boundaries. Each parcel will benefit because the Cultural, Community and Special Events services designed to attract patronage and increase commerce will only be provided to each individual assessed parcel within the PBID boundaries and therefore constitute "special benefits".

5. *Marketing/Image Enhancement (3.1%):* The marketing and image enhancement activities will focus on

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mechanisms by which to improve the visual image of this shopping district. Banners, way finding signage and other tools will be used to create a "destination" image. These tools will direct customers to the various shopping experiences offered by the Panorama City retail district minimizing the possibility of getting lost or walking out of the way to find a specific retailer.

These improvements will beautify and enhance the image of each individual parcel within Panorama City and thereby increase pedestrian and vehicular traffic to each parcel in the district. This activity is designed to increase commerce and attract and retain new business and patrons within the PBID boundaries. Because the Marketing/Image Enhancement program will only be provided to each individual assessed parcel within the PBID boundaries, these improvements will constitute "special benefits"

6. PBID Management & Administration (10.4%): A 501(c)(6) non-profit corporation, with an elected Board of Directors (Property Owner's Association) is responsible for the District's program oversight and authorization for disbursement of funds. Support staff such as a manager, bookkeeper and others will be employed and/or contracted with to provide necessary services in program implementation and oversight and regular contact with the Board of Directors.

This component is key to the proper expenditure of PBID assessment funds and the administration of PBID programs and activities that are intended to promote business within the PBID boundaries through increased commerce and the attraction and retention of new business. Because this PBID Management/Administration program exists only for the purposes of the PBID and will only be provided for matters occurring to each individual assessed parcel within the PBID boundaries, this program will constitute a "special benefit".

7. Contingency (5.2%): The contingency will pay for the City/County Collection fees and provide funding for unexpected expenses that the Owners Association may incur in the Program Activities outlined in this Modified Management District Plan. These include the following: Landscape/Streetscape Maintenance, General Maintenance and Sanitation, Security, Cultural, Community and Special Events, Marketing PBID Management and Administration. Assessments not collected will be supplemented from the contingency.

The Contingency budget is designed to enhance the assets and image of the commercial corridor, and thereby increase commerce and promote business within the boundaries of the PBID. Because this contingency services program will only be provided to each individual assessed parcel within the PBID boundaries, this program constitutes a "special benefit".

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Any unexpended PBID assessment funds remaining at the end of the current PBID term may be used to develop the renewal Management District Plan and Engineer's Report.

In summary, relative to the PBID funded work program, all of the above areas of services, activities and improvements work together to create a more pleasing environment within the district that is conducive to strengthening the current and future economic vitality of this area through the attraction and retention of new business, increased commerce and enhanced experiences for shoppers, visitors and workers. The programs, improvements and services are designed to specifically benefit identified parcels within the PBID boundaries. The proposed PBID assessments will only be levied on identified parcels within the PBID boundaries and assessment revenues will be spent to deliver services that provide a direct and special benefit to assessed parcels and to improve the economic vitality of these parcels. Inasmuch as no services will be provided beyond the PBID boundaries to the surrounding communities or to the public in general, any general benefit is unintentional. It is hereby determined that general benefits, if any, are not quantifiable, measurable, or tangible.

Finding 3. From Section 4(a): “(Determine) the proportionate special benefit derived by each parcel in relationship to the entirety of the.....cost of public improvement(s) or the maintenance and operation expenses.....or the cost of the property related service being provided.

Each identified parcel within the district will be assessed based on property characteristics unique only to that parcel. Parcels will be assessed based on a combination of factors: land area, building area, location in the building and location within the PBID. The calculated assessment rates are applied to the actual measured parameters of each parcel and thereby are proportional to each and every other identified parcel within the district as a whole. Larger parcels and ones with larger building areas and/or ground floor spaces located in Zone 1 are expected to impact the demand for services and programs to a greater extent than smaller land and/or building areas, upper floor locations or located in Zone 2 or 3. The former cases are assigned a higher proportionate degree of assessment program and service costs. The proportionality is further achieved by setting targeted formula component weights for the respective parcel by parcel identified property attributes.

The proportionate special benefit cost for each parcel has been calculated based on optimum proportionate formula components and is listed as an attachment to the Management District Plan and this Report. The individual percentages (i.e. proportionate relationship to the total special benefit related program and activity costs) is computed by dividing the individual parcel assessment by the total special benefit program costs.

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Finding 4. From Section 4(a): “No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel.”

Not only are the proposed program costs reasonable due to the benefit of group purchasing and contracting which would be possible through the modified Panorama City PBID, they are also considerably less than other options considered by the modified Panorama City PBID renewal proponent group. The actual assessment rate for each parcel within the PBID directly relate to the level of service to be provided based on the respective lot size and street frontage of each parcel.

Finding 5. From Section 4(a): “Parcels.....that are owned or used by any (public) agency shall not be exempt from assessment.....”

There are three (3) public owned parcels within the PBID. These three parcels are located in Zone 3 in the block bounded by Chase Street to the north; Roscoe Boulevard to the south; Lennox Avenue to the east; and, Van Nuys Boulevard to the west. The parcel numbers are as follows: 2638-022-900; 2638-022-901; and, 2638-022-902. All three parcels are owned by the City of Los Angeles.

Public Owned Parcels (City of Los Angeles)

APN	Site Address	2011-2012 Assessment	% of Total
2638-022-900	N/A	\$723	0.16%
2638-022-901	N/A	\$300	0.066%
2638-022-902	N/A	\$480	0.106%
TOTAL		\$1,503	0.332%

There is no compelling evidence that these parcels would not benefit equally to privately owned parcels and, thus, will be assessed in the same manner and rates as privately owned parcels in the PBID.

Finding 6. From Section 4(b): “All assessments must be supported by a detailed engineer’s report prepared by a registered professional engineer certified by the State of California”.

This report serves as the “detailed engineer’s report” to support the benefit property assessments proposed to be levied within the modified Panorama City PBID.

Finding 7. From Section 4(c): “The amount of the proposed assessment for each parcel shall be calculated (along with) the total amount thereof chargeable to the entire district, the duration of such payments, the reason for such assessment and the basis upon which the amount of the proposed assessment was calculated.”

The individual and total parcel assessments attributable to special property benefits are shown on Appendix 1 to the Management District Plan and this Report. The District and resultant assessment payments will continue for 2 more years and may be renewed again at that time. The reasons (purposes) for the proposed assessments are outlined in Finding 2 above as well as in the Management District Plan. The calculation basis of the proposed assessment is attributed to land area, building area, location in the building and location in the PBID. There are a three benefit zones.

Assessment Formula Methodology

Step 1. Select “Basic Benefit Unit(s)”

PBID assessment formulas typically are based on either property street frontage or parcel and building size or location, all which relate to the amount of special benefit conferred on a particular parcel and the proportionate assessment to be paid. The formula may base assessments on a single factor or a combination of factors.

Based on the specific needs and corresponding nature of the program activities to be funded by the modified Panorama City PBID (i.e. maintenance, security, special events, marketing; administration; and, contingency) it is the opinion of this Assessment Engineer that the assessment factors on which to base assessment rates relate directly to the proportionate amount of land area, building area, location in the building and location in the PBID.

For commercial uses, the interactive application of building and land area quantities are a proven method of fairly and equitably spreading special benefit costs to these primary beneficiaries of PBID funded services, programs and improvements. Each of these factors directly relates to the degree of benefit each parcel will receive from PBID funded activities.

Building area is a direct measure of the static utilization of each parcel and its corresponding impact or draw on PBID funded activities such as maintenance, security, marketing and management. In the opinion of this Assessment Engineer, the targeted weight of this factor, building area, should generate approximately 55% of the total PBID revenue.

Land area is a direct measure of the current and future development capacity of each parcel and its corresponding impact or draw on PBID funded activities such as maintenance, security, marketing and management. In the opinion

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of this Assessment Engineer, the targeted weight of this factor, land area, should generate approximately 45% of the total PBID revenue and be set at 25% of the base building area unit rate.

The “Basic Benefit Units” will be expressed as a combined function of gross building square footage (Benefit Unit “A”) and land square footage (Benefit Unit “B”). Based on the shape of the modified Panorama City PBID, as well as the nature of the District program elements, it is determined that all commercial properties will gain a direct and proportionate degree of benefit based on the respective amount of building size and parcel size within three benefit zones.

There are three Benefit Zones within the Panorama City PBID. Benefit Assessment Zone 1 incorporates all parcels with Van Nuys Boulevard street frontage. The assessment is based on three formula components: ground floor building square footage; upper floor building square footage; and, parcel square footage.

Benefit Assessment Zone 2 incorporates all other parcels within the PBID without Van Nuys street frontage (except for Zone 3 parcels as described below). The assessment is based on three formula components: ground floor building square footage; upper floor building square footage; and, parcel square footage.

Benefit Assessment Zone 3 includes only the three publicly owned properties. The assessment for Benefit Zone 3 is based on parcel square footage only.

Based on the proportion of services in these three Benefit Assessment Zones, the Basic Benefit Units will be divided as follows: 1) Benefit Units for the building area, “Unit A”, and 2) Benefit Units for the parcel area, “Unit B”.

The level of benefit per Unit B in all three Benefit Assessment Zones is exactly the same. However, the benefit level of Unit A as applied to all three Benefit Assessment Zones varies. This is due to the frequency and emphasis of services provided within the core services focused on Zone 1. It is additionally noted that services are most directly delivered to the ground floor with lower proportionate benefits delivered to upper floors of the building.

Therefore, Unit A as the ground floor of a building in Zone 1 receives the primary and greatest focus of all benefits from improvements/services and is considered to be the basis for Unit A. The 2nd story and all upper floors of a building in Zone 1 receive 25% of the benefit for Unit A in comparison to the ground floor.

In Zone 2, Unit A, or the first floor of a building, receives 75% of the benefit derived from the basic Unit A. The Unit A benefit as applied to the second floor and above of a building in Zone 2 will deliver 15% of the benefit from Unit A in comparison to the ground floor.

Future Development

As future new development occurs within the District, current property characteristics and parcel configurations may also change. This may occur due to various land related modifications such as new subdivisions, lot line adjustments, reversions to acreage and parcel consolidations or new building construction or demolition. In turn, parcel size and building area measurements may also change. Any such modifications will result in recalculation of assessments for new and/or modified parcels and/or buildings based on assessment rates in affect when such changes occur in accordance with future maximum rates and the assessment methodology delineated in this Report.

It is noted that any change in assessment formula methodology or rates other than as stipulated in this Report would require a new Proposition 218 ballot procedure in order to approve any such changes.

Step 2. Quantify Total Basic Benefit Units

Taking into account all identified benefiting properties and their respective assessable benefit units, there are 1,262,492.55 Benefit Units A and 4,267,451 Benefit Units B.

Step 3. Calculate Benefit Units for Each Property.

The number of Benefit Units for each identified benefiting parcel within the modified Panorama City PBID was computed from data extracted from County Assessor records and maps. These data sources delineate current land uses, building areas, property areas and dimensions of record for each tax parcel. While it is understood that this data does not represent legal field survey measurements or detailed title search of recorded land subdivision maps or building records, it does provide an acceptable basis for the purpose of calculating property based assessments. All respective property data being used for assessment computations will be provided to each property owner in the PBID for their review. All known or reported discrepancies, errors or misinformation will be corrected.

Step 4. Determine Assessment Formula

Based on the nature of the programs to be funded as well as other rationale outlined in Step 1 above, it has been determined that the modified Panorama City PBID assessments will be based on land area, building area, location in a building and location in the PBID. The targeted assessment formula component weights are: 55% for Benefit Unit A - building area and 45% for Benefit Unit B – land area.

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Computing Assessment Formula Unit Costs:

Original Unit Cost Determination in 2009

Benefit Unit		Total Cost for Services		Percentage of Levy		Assessable Units		Factor per Unit
Unit A	=	\$465,871.06	X	55%	÷	1,262,492.55	=	\$0.20295492674 per unit
Unit B	=	\$465,871.06	X	45%	÷	4,267,451	=	\$0.04912580765 per unit

* The Unit A and Unit B rates were rounded to \$0.20 and \$0.05 respectively at the PBIDs inception in 2009.

Assessment Rate Schedule and Application:

Original Assessment Rate Chart from 2009

BENEFIT ASSESSMENT ZONE 1 (Parcels fronting Van Nuys Blvd)			BENEFIT ASSESSMENT ZONE 2 (Parcels NOT fronting Van Nuys Blvd)			BENEFIT ASSESSMENT ZONE 3 (Public Parcels)
Unit A @ 100%	Unit A @ 25%	Unit B @ 100%	Unit A @ 75%	Unit A @ 15%	Unit B @ 100%	Unit B @ 100%
Ground Floor	Upper floors	Lot	Ground Floor	Upper Floors	Lot	Lot
\$0.20*	\$ 0.05	\$ 0.05	\$0.15*	\$0.03	\$0.05	\$0.05

* For 2012, the Zone 1 ground floor building area assessment rate is being reduced to \$0.178542641 in order to take into account, a \$15,000 reduction in Zone 1 maintenance costs. Similarly, the Zone 2 ground floor building area assessment rate is being reduced to \$0.14808076 in order to take into account, a \$1,200 reduction in Zone 2 maintenance costs. All other PBID rates for Zones 1, 2 and 3 will maintain the same weighted ratios relative to the Zone 1 ground floor building area rate as set in 2009.

Step 5. Estimate Total District Costs

The total District costs for 2009-2013 of the PBID are projected to be as shown below in Table 1 assuming a 3% increase per year. It is noted that the budget for Landscape/Streetscape Maintenance has been reduced by \$16,200 (\$15,000 in Zone 1 and \$1,200 in Zone 2) starting in Year 2012 due to the fact that certain Zone 1 and 2 streetscape improvements to be funded by outside sources have not been constructed yet. Thus, the Zone 1 and 2 maintenance costs and the assessment rate for Zone 1 and 2 ground floor building areas have been reduced accordingly.

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TABLE 1
2009-2013 District Costs (assumes 3% annual increase)

ACTIVITY	2009	2010 3%	2011 3%	2012 3%	2013 3%
Landscape/Streetscape Maintenance	\$125,785.19	\$129,558.74	\$133,445.50	\$109,588*	\$112,876
Maintenance/Sanitation	\$163,054.87	\$167,946.52	\$172,984.91	\$163,054	\$167,945
Security	\$83,856.79	\$86,372.49	\$88,963.67	\$83,856	\$86,372
Cultural/Community Events	\$9,317.42	\$9,596.94	\$9,884.85	\$9,317	\$9,596
Marketing/Image Enhancement	\$13,976.13	\$14,395.42	\$14,827.28	\$13,976	\$14,395
Management/Administration	\$46,587.11	\$47,984.72	\$49,424.26	\$46,587	\$47,985
Contingency	\$23,293.55	\$23,992.36	\$24,712.13	\$23,293	\$23,992
Total Funding	\$465,871.06	\$479,847.19	\$494,242.61	\$449,671*	\$463,161

* The Landscape/Street Maintenance budget has been reduced by \$16,200 for 2012 (\$15,000 in Zone 1 and \$1,200 in Zone 2). The assessment rate for ground floor building area in Zone 1 and 2 has been reduced accordingly to reflect this revenue decrease.

NOTE: The PBID was established in 2009 however no assessments were imposed that year. In 2010, a 3% increase was imposed but was not a directive from the PBID's Board of Directors. In 2011 the PBID's Board of Directors did not impose a 3% increase. The 2012 budget reflects a \$16,200 reduction in the Landscape/Streetscape Maintenance category and eliminates the 3% increase imposed in 2010 in all other categories.

Step 6. Separate General Benefits from Special Benefits and Related Costs (Prop 218)

All benefits derived from the assessments outlined in the Modified Management District Plan and this Report are for supplemental services, programs and improvements directly benefiting the identified parcels within the PBID. All PBID funded activities are provided solely to parcels within the modified Panorama City PBID. All services will be delivered only within the boundaries and designed only for the direct special benefit of the identified assessed parcels in the PBID. No services will be provided to non-assessed parcels outside the PBID boundaries. Any potential spill over effect is unquantifiable as previously discussed in this report. Thus, all general benefits (if any) within or outside of the PBID, are inadvertent, intangible and immeasurable. Total District revenues are shown below in Table 2.

TABLE 2

Total Year 1 District Revenues

Funding Source	Revenue	% of Total
PBID Assessments	\$449,671	100.00%
TOTAL DISTRICT REVENUE	\$449,671	100.00%

Step 7. Calculate "Basic Unit Cost"

With a 2012 budget of \$449,671 (special benefit only), the Basic Unit Costs are shown above in Step 4. Since the PBID is being modified for the last 2 years of the current 5 year term, maximum assessments for future years (2013) must be set at the inception of the modified PBID. An annual inflationary assessment rate increase of up to 3% may be imposed for the final year (2013) of the current PBID, on approval by the PBID Property Owner's Association. The maximum assessment rates for the 5 year PBID term of 2009-2013 are shown below in Table 3. The assessment rates listed constitute the starting basis of assessment for future years of the PBID (2012-2013).

TABLE 3

2009-2013 Maximum District Assessment Rates (assumes 3% annual increase)

Basic Benefit Unit	2009	2010	2011	2012*	2013
Unit A	\$0.20/unit	\$0.206	\$0.212	\$0.20	\$0.206
Unit B	\$0.05/unit	\$0.0515	\$0.053	\$0.05	\$0.0515

* For 2012, the Zone 1 ground floor building area assessment rate is being reduced to \$0.1785426491 in order to take into account, a \$15,000 reduction in Zone 1 maintenance costs. Similarly, the Zone 2 ground floor building area assessment rate is being reduced to \$0.14808076 in order to take into account, a \$1,200 reduction in Zone 2 maintenance costs. All other PBID rates for Zones 1, 2 and 3 will maintain the same weighted ratios relative to the Zone 1 ground floor building area rate as set in 2009.

Step 8. Spread the Assessments

The resultant assessment spread calculation results for each parcel within the PBID are shown in the Management District Plan and were determined by applying the District assessment formula to each identified benefiting property.

APPENDIX 1

2012* ASSESSMENT ROLL

* The assessments listed constitute the starting basis of assessment for the final 2 years (2012-2013) of the current 5 year PBID.

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APN	TOTAL ASMT
2210-010-011	\$2,446.71
2210-010-012	\$5,430.16
2210-010-022	\$2,098.12
2210-010-023	\$4,626.49
2210-010-028	\$3,665.50
2210-010-029	\$1,732.18
2210-010-033	\$1,550.87
2210-010-034	\$1,439.21
2210-010-037	\$1,835.27
2210-010-038	\$1,068.86
2210-010-039	\$9,629.96
2212-004-001	\$6,900.14
2212-004-008	\$3,534.26
2212-004-011	\$455.00
2212-004-033	\$8,579.15
2212-004-034	\$4,236.26
2212-004-035	\$1,247.13
2212-004-036	\$2,155.68
2638-001-003	\$948.27
2638-001-033	\$1,186.13
2638-001-034	\$1,241.86
2638-001-035	\$1,974.60
2638-001-038	\$1,591.42
2638-001-039	\$2,490.34
2638-001-040	\$1,817.63
2638-001-041	\$1,800.52
2638-001-042	\$3,313.10
2638-001-043	\$1,023.95
2638-001-044	\$1,163.84
2638-001-045	\$1,609.24
2638-001-046	\$2,144.23
2638-001-047	\$787.51
2638-001-048	\$1,323.98
2638-001-050	\$578.89
2638-001-051	\$1,265.51
2638-001-053	\$12,206.55

2638-001-056	\$2,559.98
2638-001-057	\$1,712.95
2638-001-058	\$6,009.89
2638-001-059	\$14,091.65
2638-022-019	\$1,924.06
2638-022-038	\$724.85
2638-022-039	\$3,443.44
2638-022-040	\$2,546.31
2638-022-041	\$1,474.83
2638-022-042	\$2,437.79
2638-022-043	\$6,540.93
2638-022-044	\$4,753.01
2638-022-045	\$779.70
2638-022-048	\$1,595.38
2638-022-049	\$1,323.14
2638-022-050	\$4,640.80
2638-022-054	\$3,222.45
2638-022-057	\$3,333.19
2638-022-059	\$5,981.18
2638-022-061	\$17,958.20
2638-022-900	\$723.20
2638-022-901	\$300.00
2638-022-902	\$480.00
2638-038-002	\$27,096.01
2638-038-016	\$66,812.26
2638-038-017	\$3,329.66
2638-039-010	\$10,841.97
2638-039-011	\$2,265.00
2638-039-015	\$6,237.76
2638-039-017	\$1,211.75
2638-039-018	\$591.18
2638-039-019	\$886.82
2638-039-020	\$8,341.49
2638-039-021	\$15,405.18
2639-001-017	\$663.61
2639-001-020	\$927.77
2639-001-021	\$1,462.43

2639-001-022	\$2,063.39
2639-001-023	\$1,416.70
2639-001-024	\$655.50
2639-001-026	\$2,441.53
2653-001-033	\$2,318.60
2653-002-006	\$2,558.33
2653-002-008	\$1,365.89
2653-002-009	\$436.95
2653-002-010	\$1,334.57
2653-002-030	\$1,380.01
2653-002-034	\$588.00
2653-002-035	\$387.50
2653-002-036	\$1,036.71
2653-002-038	\$842.87
2653-002-040	\$522.13
2653-002-041	\$1,185.89
2653-002-042	\$2,314.95
2653-002-062	\$1,727.64
2653-003-044	\$423.00
2653-003-045	\$1,230.99
2653-003-119	\$1,765.21
2653-017-050	\$2,828.86
2653-017-059	\$20,979.70
2653-017-060	\$21,270.49
2653-018-018	\$375.00
2653-018-019	\$375.00
2653-018-020	\$375.00
2653-018-021	\$750.00
2653-018-028	\$375.00
2653-018-029	\$375.00
2653-018-030	\$375.00
2653-018-039	\$2,625.00
2653-018-040	\$35,242.33
	\$449,671.08

* The assessments listed constitute the starting basis of assessment for the final 2 years (2012-2013) of the current 5 year PBID.