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CALIFORNIA



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MIRANDA PASTER
ACTING DIVISION HEAD

June 15, 2012

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

Council District 3

REGARDING: TARZANA SAFARI WALK BUSINESS IMPROVEMENT DISTRICT
RENEWAL

Honorable Members:

This Office has received materials relative to the renewal of the existing Tarzana Safari Walk Business Improvement District ("District"), located in Council District 3. The District would be renewed pursuant to the provisions of the Property and Business Improvement District Law of 1994 (Section 36600 et seq., Streets and Highways Code, State of California). All previous Council actions taken on the current District are contained in Council Files 03-0078 and 07-1548.

This report shall serve as the Preliminary Report of the City Clerk. Attached to this report are: 1) the Management District Plan, which details the improvements and activities to be provided and serves as the framing document for the proposed District; 2) a detailed Engineer's Report prepared by a registered professional engineer certified by the state of California, which supports the assessment contained in the Management District Plan; and 3) a draft Ordinance of Intention, approved as to form and legality by the City Attorney's Office.

BACKGROUND

The District originally established through adoption of City Ordinance 176224 on September 22, 2004, started its operational term on January 1, 2005 and expired on December 31, 2009. The Property and Business Improvement District Law of 1994 (Section 36600 et seq., Streets and Highways Code, State of California)("State Law") allows for business improvement districts to renew by completing the same formation steps as the original establishment. This District is being reestablished in accordance with the provisions of State Law, which allows for the establishment of a district in which operations would be supported by revenue collected from property owners in the district.

The proposed District programs include, but are not limited to the following: Public Rights of Way and Sidewalk Operations, District Identity/Marketing and Promotions, Administration and Corporate Operations, and Contingency/Reserve.

PRELIMINARY PETITIONS

In order to proceed with the renewal process under the State Law, the proponent group needed to secure written support for the project in the form of petitions signed by property owners who will pay more than 50 percent of the assessments proposed to be levied. The proponent group for the renewal of the District has presented to the Office of the City Clerk a set of petitions that support the formation of the proposed District. This Office has verified the validity of the petitions using various City and County of Los Angeles sources. In addition, this Office has verified the accuracy of the assessment calculations.

The petitions received indicate affirmative financial support of the project in an amount equivalent to \$39,635.49. This represents 56.12 percent (56.12%) of the proposed District's projected first year assessment revenue of \$70,629.00. Because the more than 50 percent threshold of preliminary support has been achieved, the formal business improvement district renewal process, including a public hearing before the City Council, may be initiated.

PROPOSED DISTRICT BOUNDARIES

The boundaries of the proposed District are detailed in the Management District Plan and include approximately six blocks in Tarzana. A general description of the District is as follows: Properties fronting Ventura Boulevard between Burbank Boulevard on the west and Reseda Boulevard on the east..

There are 37 parcels owned by 28 stakeholders in the proposed District. The map included in the District's Management District Plan gives sufficient detail to locate each parcel of property within the proposed District.

DISTRICT RENEWAL AND PROPOSITION 218 COMPLIANCE

Article XIID of the California Constitution (Proposition 218) 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; 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 prepared by a registered professional engineer certified by the State of California. The Engineer's Report included herewith supports the assessments contained in the Management District Plan and, in addition, includes facts, which would support City Council findings relative to items 1 through 3 above.

Proposition 218 also includes certain notice, protest and hearing requirements. Those requirements are codified in the Proposition 218 Omnibus Implementation Act ("Act") (California Government Code Section 53750 et seq.). This report recommends that the City Council direct the City Clerk to comply with the Act. Renewal of the proposed District is contingent upon the City's receipt of a weighted majority of financially supportive ballots as submitted by the affected property owners. The City Clerk will tabulate the ballot returns and will report the results to the City Council.

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, Article XIII C §1(e)(7) of the California Constitution states that "assessments and property-related fees imposed in accordance with the provisions of Article XIII D are exempt." As previously stated, the proposed District is being established in accordance with Article XIII D of the California Constitution and is therefore exempt from Proposition 26.

PROPOSED IMPROVEMENTS AND PROGRAMS

The District is expected to generate \$70,629 annually over a five-year period with a maximum five percent (5%) increase per year. The revenue will be utilized to fund the proposed District's improvements and activities that include, but are not limited to: Public Rights of Way and Sidewalk Operations, District Identity/Marketing and Promotions, Administration and Corporate Operations, and Contingency/Reserve.

Improvements and activities are services which will be provided to supplement the services already provided by the City of Los Angeles and will not supplant City services. The Owners' Association may contract with third party vendors to perform and complete District improvements and activities and uphold to City and State regulations where applicable. The proposed improvements and activities are completely separate from the day to day operations of the City of Los Angeles and the City is not involved with selection of the Districts' vendors.

ASSESSMENT FORMULA AND DISBURSEMENTS

The District's proposed assessment formula is based upon an allocation of program costs as described in the attached Management District Plan. Assessments are a calculation of assessable parcel square footage and assessable frontage along Ventura Boulevard.

The City Clerk will arrange to have the proposed District's assessments included as a line item on the property tax bills prepared and distributed by the County of Los Angeles. If necessary, this Office will directly bill property owners or entities that do not appear on the tax roll. The County will subsequently transfer assessment revenue to the City. Assessment revenue will be held in trust by the City and will be disbursed through installments to the District to support authorized District improvements and activities.

CONTRACTING WITH OWNERS' ASSOCIATION

Upon the renewal of the District, State law requires that the City enter into an agreement with an Owners' Association for the administration of the District. City policy dictates that competitive bidding requirements are to be met when contracting. However, Charter sections 371(e)(2) and 371(e)(10) provides an exception to the competitive bidding requirements, and states, in relevant part, that the competitive bidding process does not apply to contracts "where the contracting authority finds that the use of competitive bidding would be undesirable, impractical or impossible or where the common law otherwise excuses compliance with competitive bidding requirements."

The Tarzana Improvement Association has administered the Tarzana Safari Walk BID since the District was originally established, overseeing expenditures, managing and implementing the District's improvements and activities. Tarzana Improvement Association possesses the unique knowledge and expertise relative to the administration of the District and has a vested interest in the success of the District. Therefore, it would be impractical, not advantageous and undesirable to comply with the competitive bidding requirements or to select another entity to administer the District, if the District is renewed.

ASSESSABLE CITY PROPERTY

There are no City-owned parcels within the District.

FISCAL IMPACT

There is no impact on the General Fund.

RECOMMENDATIONS

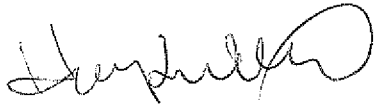
1. FIND that the petitions submitted on behalf of the proponents of the proposed Tarzana Safari Walk Business Improvement District are signed by property owners who will pay more than fifty (50) percent of the assessments proposed to be levied.
2. FIND that all parcels that will have a special benefit conferred upon them and upon which an assessment would be imposed are those as identified in the Management District Plan.
3. 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, the assessment levied on each parcel within the proposed District is proportionate to the special benefit derived from the improvements and activities that are to be provided.
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, there

are *de minimis* general benefits to be separated from the special benefits conferred on each parcel within the proposed District.

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, no assessment imposed on any parcel exceeds the reasonable cost of the proportional special benefit conferred on that parcel.
6. FIND that the assessments for the proposed District are not taxes and that the District qualifies for exemption from Proposition 26 under exemption 7 of Article XIIC §1(e).
7. FIND that the services provided by the Owners' Association are in the nature of professional, expert, technical or other special services, that the services are of a temporary and occasional character, and that the use of competitive bidding would be impractical, not advantageous, undesirable or where the common law otherwise excuses compliance with competitive bidding requirements.
8. FIND that the proposed improvements and activities are completely separate from the day to day operations of the City of Los Angeles
9. APPROVE the Tarzana Improvement Association to serve as the Owners' Association to administer the Tarzana Safari Walk Business Improvement District if the District is renewed.
10. ADOPT the Preliminary Report of the City Clerk.
11. ADOPT the attached Management District Plan.
12. ADOPT the attached Engineer's Report.
13. ADOPT the attached Ordinance of Intention to renew the Tarzana Safari Walk Business Improvement District.
14. AUTHORIZE the City Clerk, upon establishment of the District, to prepare, execute and administer a contract between the City of Los Angeles and the Tarzana Improvement Association, a non-profit corporation, for the administration of the District's programs.
15. DIRECT the City Clerk to comply with the notice, protest, and hearing procedures prescribed in the Proposition 218 Omnibus Implementation Act (California Government Code, Section 53750 et seq.).
15. REQUEST the City Attorney, with the assistance of the City Clerk, to prepare an enabling Ordinance renewing the Tarzana Safari Walk Business Improvement District for Council consideration at the conclusion of the required public hearing.

Honorable Members of the City Council
Page 6

Sincerely,



June Lagmay
City Clerk

JL:HLW:MCP:RMH:PM:ev

Attachments:

Management District Plan
Engineer's Report
Draft Ordinance of Intention

**TARZANA SAFARI WALK
BUSINESS IMPROVEMENT DISTRICT
MANAGEMENT DISTRICT PLAN**

**FOR
A PROPERTY BASED
BUSINESS IMPROVEMENT DISTRICT
IN TARZANA**

SUBMITTED TO:

HONORABLE COUNCILMAN DENNIS ZINE

THE LOS ANGELES CITY CLERKS OFFICE

PREPARED BY:

TARZANA IMPROVEMENT ASSOCIATION

MAY 2012

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TARZANA SAFARI WALK BUSINESS IMPROVEMENT DISTRICT
TARZANA, CALIFORNIA**

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SECTION 1

MANAGEMENT DISTRICT PLAN SUMMARY

The name of the proposed renewed Property-based Business Improvement District is the **Tarzana Safari Walk Business Improvement District** (the "District"). The District is being renewed pursuant to Section 36600 et seq. of the California Streets and Highways Code. The "Property and Business Improvement District Law of 1994 as amended", hereinafter referred to as State Law.

Developed by the Tarzana Safari Walk Business Improvement District Renewal Committee and Board of Directors, the Tarzana Safari Walk Business Improvement District Plan is proposed to continue to improve and convey special benefits to properties located within the Tarzana Safari Walk Business Improvement District area. The District will provide new and continued improvements and activities, including beautification, development/communication and special programs to improve commerce for the assessed parcels in the District. Each of the programs is designed to meet the goals of the District: improve the image of the District, retain existing businesses, stimulate ancillary businesses and services, and increase building occupancy which will improve lease rates to the assessed parcels within the District.

The District Renewal Committee determined it was in the best interest of the majority of assessed parcels within the proposed district to maintain the historic boundaries of the District, to better serve parcels. Therefore, the District will not eliminate or include any additional parcels.

Boundary: See Section 2, Page 6 and map page 7.

Budget: The total District budget for the 2013 year of operation is approximately **\$70,629**. Cost of services may change because of the market rates and as a result the budgets may increase/decrease by as much as 10%.

The operating budget for 2013 is composed of the following elements:

Improvements, Activities, Services:

Public Rights of Way and Sidewalk Operations \$ 40,258 52%

Enhanced Beautification Programs

- Trash Removal
- Tree Trimming
- Weed Abatement
- Trash receptacle and Medallion repair and replacement

Streetscape Improvements

- Street and Pedestrian Lighting
- Special Crosswalks Enhancement
- Sidewalk Pavers
- Tree Planting

District Identity/Marketing and Promotions \$ 9,464 15%

- Website
- Newsletter
- Advertising Banners

Administration and Corporate Operations \$ 14,196 24%

Contingency/Reserve \$ 6,709 9%

Method of Financing: A levy of special assessments upon real property that receives special benefits from the improvements and activities. (See Section 4, for assessment methodology)

Benefit Zones: The State Law and State Constitution Article XIID require that special assessments be levied according to the special benefit each parcel receives from the improvements. All assessed parcels within the Tarzana Safari Walk Business Improvement District receive the same service level resulting in only one benefit zone. The District includes a total of 38 assessed parcels represented by 28 individual property owners.

Cost: Annual assessments are based upon an allocation of program costs and a calculation of assessable footage.

Cap: Assessments will be subject to annual increase not to exceed 5% per year. Increases will be determined by the Business Improvement District Owners' Association Board of Directors and will vary between 0 and 5% in any given year.

District Renewal: District renewal requires submission of favorable petitions from property owners representing more than 50% of total assessments to be paid and the return of mail ballots evidencing a majority of ballots cast in favor of the assessment. Ballots are weighed by each property owner's assessment as proportionate to the total proposed District assessment amount.

Duration: The District will have a 5-year life beginning January 1, 2013 and ending December 31, 2017.

Governance: The owners association will review District budgets and policies annually within the limitations of the Management District Plan. Annual and quarterly reports, financial statements and newsletters will be filed with the City of Los Angeles (City). The owners association will oversee the day-to-day implementation of services as defined in the Management District Plan.

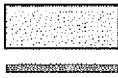
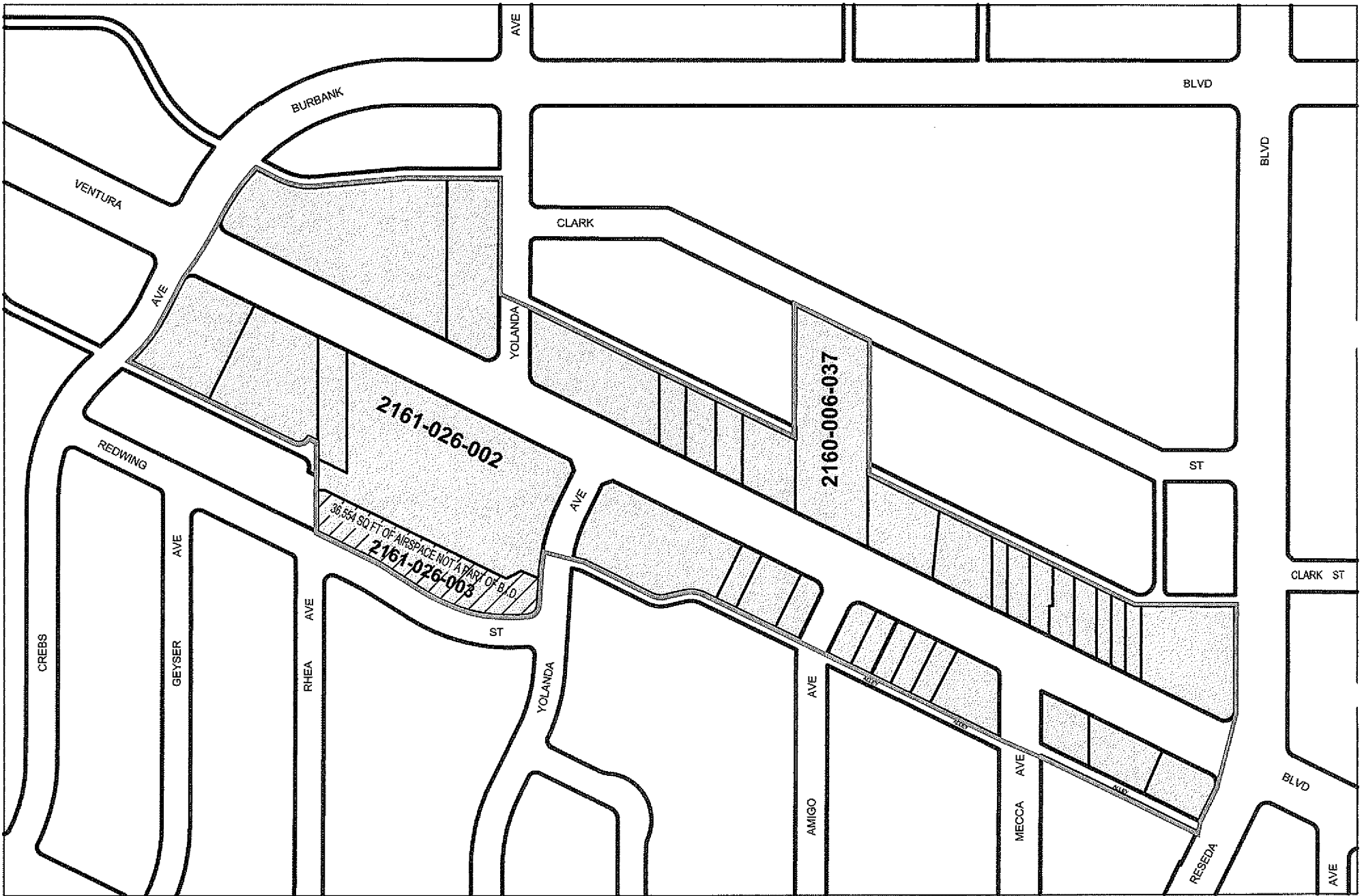
Section 2

TARZANA SAFARI WALK BUSINESS IMPROVEMENT DISTRICT BOUNDARIES

Summary - The District boundaries include all parcels fronting along Ventura Blvd. bordered by:

1. The east side of the Burbank Blvd. /Crebs Avenue intersection as the western boundary.
2. The west side of Reseda Blvd. intersection as the eastern boundary.
3. Parcels on the south side of Ventura Blvd. which include lots to the south of the alley along either side of Yolanda Avenue.
4. Parcels on the north side of Ventura Blvd. which includes lots south of the alley.

Benefit Zones - All assessed parcels within the Safari Walk Business Improvement District receive the same service level. The entire District is one benefit zone.



B.I.D. PROPERTIES (PROPERTY BASED)

B.I.D. BOUNDARY

Ordinance: 172154
Council File: 96-0490

CAD GRAPHICS BY



JPL Zoning Services
6257 Van Nuys Blvd #101
Van Nuys, CA 91401
(818)781-0016

TARZANA

BUSINESS IMPROVEMENT DISTRICT



NOT TO SCALE

JPL-665681Drev1

District Boundary Rationale

The District boundaries include all parcels fronting along Ventura Boulevard in the community of Tarzana between Crebs Avenue/Burbank Boulevard and Reseda Boulevard. In addition, the corner parcels on Reseda Boulevard, Mecca Avenue, Yolanda Avenue, Crebs Avenue and Burbank Boulevard will be assessed for frontages on said side streets in addition to frontages on Ventura Boulevard. The assessed parcels currently are a mix of retail, office, and parking uses. Within this District, new commercially zoned residential units are planned for future construction. Services and improvements provided by the District are designed to provide special benefits to the retail, parking, and office uses.

In order to ensure parcels outside the district will not specifically benefit from the improvements and services funded within the assessment, improvements and services will only be provided within the boundaries of the District. Specifically, beautification and similar service providers employed in connection within the District will not provide services outside District boundaries, nor will District promotional efforts promote activities outside District boundaries.

Northern Boundary: The northern boundary of the Tarzana Safari Walk Business Improvement District abuts the boundary of the alley way that is between Clark Street and Ventura Boulevard, as well as the alley way that is between Burbank Boulevard and Ventura Boulevard. The properties which are north of these alley ways are primarily zoned residential. Commercial zoning along the Ventura Boulevard Corridor is generally only one parcel deep. Parcel No. 2160-006-037 is zoned both C2-1L and R3-1. The northern portion of this parcel is used primarily for parking. No residential units exist on this parcel. In addition, this parcel abuts Clark Street since no public alley way exists.

All of the services provided, such as trash removal, tree trimming and weed abatement of Tarzana Safari Walk are services that are over and above the City's baseline level of services and are not provided by the City. These services are not provided outside the District and because of the unique nature of these services focusing on each property within the District they provide particular and distinct benefits to each of the assessed parcels within the District. Each assessed parcel within the District is assessed regardless of property use. In order to ensure that parcels outside of the District will not specially benefit from the unique improvements and services funded with the assessment, improvements and services will only be provided to individual assessed parcels within the boundaries of the District.

Eastern Boundary: The eastern boundary of the Tarzana Safari Walk Business Improvement District abuts the boundary of Reseda Boulevard. The properties which are east of Reseda Boulevard are commercial. These properties are not considered part of the Tarzana community central business District and have different marketing needs and would not receive benefits from the improvement and activities to be provided to the District. The businesses to the east represent a different culture that do not promote the pedestrian friendly environment of the selected Property Business Improvement District. The central business District has the unique designation of being a pedestrian oriented area according to the Los Angeles Department of City Planning. The type of retail and commercial activities allowed are more restrictive than would be permitted for the commercial establishments to the east.

All of the services provided, such as trash removal, tree trimming and weed abatement of Tarzana Safari Walk are services that are over and above the City's baseline level of services and are not provided by the City. These services are not provided outside the District and because of the unique nature of these services focusing on each property within the District they provide particular and distinct benefits to each of the assessed parcels within the District. Each assessed parcel within the District receives these benefits and is assessed regardless of property use. In order to ensure that parcels outside of District will not specially benefit from the unique improvements and services funded with the assessment, improvements and services will only be provided to individual assessed parcels within the boundaries of the District.

Southern Boundary: The southern boundary of the Tarzana Safari Walk Business Improvement District was determined by the zoning and use of the parcels south of the District boundaries. The parcels south of the district boundaries are zoned primarily residential. Commercial zoning along the Ventura Boulevard Corridor is generally only one parcel deep. The public alley ways separate the residential from the commercial zoned properties. These parcels are zoned as commercial. There is no public alley way to Parcel No. 2161-026-002 directly south of this parcel is Redwing Street with single family homes.

Pertaining to air space, Parcel No. 2161-026-003 within the District boundaries is being excluded from any future assessments. This parcel will eventually be developed into townhomes. State law concludes that residential zoned parcels will not benefit from the District programs. These programs are designed to provide benefits to retail, office, and parking uses to the assessed parcels within the District. In order to ensure that parcels outside of the District will not specially benefit from the unique improvements and services funded with the assessment, improvements and services will only be provided within the boundaries of the District.

Western Boundary: The properties which are west of Burbank Boulevard/Crebs Avenue are commercial. The businesses to the west represent a different culture with auto related uses and other businesses that do not promote the pedestrian friendly of the selected Property Business Improvement District. These properties are not considered part of the Tarzana community central business District and have different marketing needs and would not receive benefits from the improvement and activities to be provided to the District. The central business District has the unique designation of being a pedestrian oriented area according to the Los Angeles Department of City Planning. The type of retail and commercial activities allowed in this pedestrian oriented area are more restrictive than would be permitted for the commercial establishments to the east.

All of the services provided, such as trash removal, tree trimming and weed abatement of Tarzana Safari Walk are services that are over and above the City's baseline level of services and are not provided by the City. These services are not provided outside the District and because of the unique nature of these services focusing on each property within the District they provide particular and distinct benefits to each of the assessed parcels within the District. Each assessed parcel within the District receives these benefits and is assessed regardless of property use. In order to ensure that parcels outside of District will not specially benefit from the unique improvements and services funded with the assessment, improvements and services will only be provided to individual assessed parcels within the boundaries of the District.

SECTION 3

DISTRICT IMPROVEMENTS AND ACTIVITY PLAN

Process to Establish the Improvement and Activity Plan

Through a series of property owner meetings the Tarzana Safari Walk Business Improvement District Renewal Committee collectively determined the priority for improvements and activities to be delivered by the business improvement district. The primary needs as determined by the property owners were: beautification, marketing, promotions, district identity, and streetscape improvements. All of the improvements and activities detailed below are provided only to the properties defined as being within the boundaries of the District and provide benefits which are particular and distinct to each of the properties within the proposed District. No improvements or activities are provided to properties outside the District boundaries. All assessments outlined in this Management District Plan go only for services directly benefiting each of the assessed parcels within the District. None of the beautification, marketing, promotions, district identity, and streetscape improvements will be provided outside the District boundaries.

All benefits derived from the assessments outlined in the Management District Plan are for services directly benefiting the property within this area and support increased commerce, business attraction and retention and image of individual parcels within the commercial core. All beautification, promotion and streetscape improvements are provided solely to properties within the district to enhance the image and viability of these parcels and businesses within the Tarzana Safari Walk Business Improvement District. They are designed only for the direct special benefit of the assessed commercially zoned parcels in the District. No services will be provided to parcels outside the district boundaries.

The total improvement and activity plan for 2013, which is funded entirely by property assessments, is projected at \$70,629. The costs of providing each of the budget components was developed from actual experience obtained in providing these same services over a 10 year period. Actual service frequency may vary in order to match varying District needs over the five year life of the District. The budget is made up of the following components.

Public Rights of Way and Sidewalk Operations

Enhanced Beautification Programs

Trash Removal: Twice weekly a service provider picks up trash from the special Tarzana Safari Walk trash receptacles that have been provided by the owners association along the Business Improvement District boundaries. This service has decreased the amount of litter along the District's walkways. A cleaner environment for businesses, employees, visitors and shoppers will increase commerce in the District.

Tree Trimming: Professional tree trimming crews periodically prune and trim the trees located in the Tarzana Safari Walk Business Improvement District. This service will produce a more aesthetically pleasing commercial venue for each individual assessed parcel in the District and, as a result, will increase commerce to the District's business community.

Weed Abatement: Weeds are removed as they become unsightly. Removal of weeds will enhance the District and make it more attractive customers and pedestrian shoppers, and thereby, increase commerce to the District.

Trash receptacle and medallion repair and replacement: Trash receptacles and medallions in the district are repaired and maintained on a regular basis. Maintenance of these distinctive Safari Walk streetscape identification items will promote commerce to the District because of the increase in the pedestrian activity within the District.

Paper signs and handbills that are scotch taped or glued on public property, utility boxes, poles and telephones are removed. This maintenance program will keep the District from visual blight and enhance pedestrian activity within the District. When there is an increase in pedestrian activity, this usually increases commerce to the District's businesses.

Streetscape Improvements

Streetscape improvements will be implemented within the District in an effort to increase pedestrian activity and attract customers to the individually assessed parcels within the District boundaries. The District will work with various City departments and consider a variety of these physical beautification streetscape improvements that will simultaneously aid to brand the District with a unique identity. Such improvements have already been done in other Business Improvement Districts throughout the City by creating unique demarcations for each District and helping them to define their unique District identity from neighboring areas who compete for commerce.

These improvements will include, but are not limited to:

- Decorative District-branded pedestrian crosswalks
- Unique District-branded sidewalk paver installations
- Improvements to street/pedestrian lighting
- Tree plantings for beautification

District Identity/Marketing and Promotions

It is important to not only provide the services needed in the district, but to tell the story of improvement in the District. The special benefit to District assessed parcels from these services is increased commercial activity which directly relates to increases in lease rates and enhanced commerce. Some of the District identity/marketing and promotions programs currently in place or being considered are:

- Quarterly “Tarzana Safari Walk” Newsletter
- “Tarzana Safari Walk” Web Site
- Promotional banners for “Tarzana Safari Walk”

Administration and Corporate Operations

The improvements and activities of the District are managed by a small volunteer staff. Management staff oversees the District’s services which in part are contracted for by third party professional vendors. Management staff works on behalf of the District assessed parcels to insure that City and County services and policies support the District. Costs to renew the District, insurance, occupancy costs, office costs, costs to conduct a yearly financial review as well as City fees and uncollectible assessments are included in this budget item. The special benefit to assessed parcels from services is increased commercial activity that directly relates to increases in lease rates and enhanced commerce.

Contingency/Reserve

The Management District Plan sets aside close to 10% of the annual budget for each year for unforeseen expenses i.e. uncollected assessments, cost of permits, cost for future BID renewal for the implementation of the programs, services and improvements within the District. Revenues for specific programs may be reallocated from year to year, among District activities within this 10% range. Budget reallocations above 10% must be approved by the City. However, the overall budget shall remain consistent with this Management District Plan. Any services, programs or projects funded under the contingency/reserve category will be provided only for the special benefit of the assessed parcels in the Tarzana Safari Walk Business Improvement District.

All of the services, programs and projects will create a more pleasing environment within the District that is conducive to future viability of each individual assessed parcel within the District. This will increase commerce to each individual assessed parcel and as a result attract and retain new business and enhance experiences for shoppers, visitors and workers.

Five Year Operating Budget

A projected five-year operating budget for the Tarzana Safari Walk Business Improvement District is provided below. The projections are based upon the following assumptions:

As indicated previously, assessments will be subject to annual increases not to exceed 5% per year. Increases will be determined by the owners association and will vary between 0 and 5% in any given year. The projections below illustrate a maximum 5% annual increase for all budget items.

Benefit Service Percentages

Public Rights of Way and Sidewalk Operations	52%
District Identity/Marketing and Promotions	15%
Administration and Corporate Operations	24%
Contingency/Reserve	9%

Year 1-5 Maximum District Assessment Rates (assumes 5% annual increase)

	2013	2014	2015	2016	2017
Land Area Rate (per SF)	\$0.09305	\$0.09770	\$0.10259	\$0.10772	\$0.11310
Frontage Rate (per LF)	\$0.94892	\$0.99637	\$1.04618	\$1.09849	\$1.15342

*Assumes 5% yearly increase on all budget items. Note: Any accrued interest or delinquent payments will be expended in the above categories.

Year 1-5 Maximum District Assessments for Each of the Four Categories

	2013	2014	2015	2016	2017
Public Rights of Way & Sidewalk	\$36,727	\$38,564	\$40,492	\$42,516	\$44,642
District Identity/Marketing & Promotions	\$10,594	\$11,124	\$11,680	\$12,264	\$12,888
Administration & Corporate Operations	\$16,951	\$17,799	\$18,689	\$19,623	\$20,604
Contingency/Reserve	\$6,357	\$6,674	\$7,008	\$7,359	\$7,727
Total	\$70,629	\$74,161	\$77,869	\$81,762	\$85,861

Budget Adjustments

Any annual budget surplus will be rolled into the following year's District budget. The budget will be set accordingly, within the constraints of the management plan to adjust for surpluses that are carried forward.

Bonds

The Owner's Association will not issue bonds to finance any services or improvements in the District.

SECTION 4

ASSESSMENT METHODOLOGY

The method of financing the special services is based upon the levy of assessments on real property that benefit from proposed improvements and activities. This represents a “*benefit assessment district*” as defined in the California Streets and Highway Code. The assessments for the Tarzana Safari Walk BID are based upon three variables, which have been endorsed by the property owners as the most fair and equitable for apportionment of assessments to participating assessed parcels within the District. Linear frontage will be assessed on all “street” sides and lot size will be assessed based upon the data verified by the City of Los Angeles.

The first year annual costs for the Tarzana Safari Walk BID property variables are anticipated to be as follows:

<i>Property Variable</i>	<i>Total in District</i>	<i>1st Year Annual Costs</i>	<i>Revenue Generated by Variable, First Year</i>
Lot Size	698,691 sq. feet	\$.09305 per square foot	\$65,013
Linear Frontage	5,919 linear feet	\$.94892 per linear foot	\$ 5,616
Total			\$70,629

Assessment Formula

(lot size x lot size rate per square foot) + (linear frontage x linear rate per linear foot)
= annual assessment

Example

(5,000 square feet x \$.09305) + (100 linear feet x \$.94892) = \$560.14

Maximum Annual Assessment Adjustments

The **owners association** will be given the option to increase the assessments annually by an amount not to exceed 5% from the previous year’s assessments. The amount may vary between 0 and 5% in any given year.

Maximum Assessment Table

See table on page 13.

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. In turn, parcel size and street frontage measurements may also change. Any such modifications will result in recalculation of assessments for new and/or modified parcels based on assessment rates in affect when such changes occur in accordance with future maximum rates and the assessment methodology delineated in this Plan and the Engineer’s Report.

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

Time and Manner for Collecting Assessments

As provided by State law, the District assessment will appear as a separate line item on annual property tax bills prepared by the County of Los Angeles. The Los Angeles City Clerk's office will direct bill any property owners whose special assessment does not appear on the tax rolls.

The assessments shall be collected at the same time and in the same manner as for the ad valorem property tax paid to the County of Los Angeles. These assessments shall provide for the same lien priority and penalties for delinquent payment as is provided for the ad valorem property tax.

However, assessments may be billed directly by the City for the first fiscal year of operation and then by the County for all subsequent years. Any delinquent assessments owed for the first years will be added to the property tax roll for the following year. The "property owner" means any person shown as the owner/taxpayer on the last equalized assessment roll or otherwise known to be the owner/taxpayer by the City.

Disestablishment

California State Law Section 36670 provides for the disestablishment of a District. Upon the termination of the District any remaining revenues shall be transferred to the renewed District, if one is established, pursuant to Streets and Highways Code Section 36660 (b). Unexpended funds will be returned to property owners based upon each assessed parcels percentage contribution to the total year 2019 assessments if the District is not renewed.

Government Assessments

The Tarzana Safari Walk Business Improvement District Management Plan assumes that the City of Los Angeles and other governmental entities will pay assessments for property owned within the boundaries of the District. Article XIII D of the California Constitution was added in November of 1996 to provide for these payments.

Proposition 218, also known as "The Right to Vote on Taxes Act states *"Parcels within a district that are owned or used by any agency, the State of California or the United States shall not be exempt from assessment unless the agency can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit."*

Currently there are no governmental owned parcels in the Tarzana Safari Walk Business Improvement District.

SECTION 5

DISTRICT RULES AND REGULATIONS

Pursuant to the Property and Business Improvement law of 1994, as amended, a business improvement district may establish rules and regulations that uniquely apply to the District. The Tarzana Safari Walk Business Improvement District has not adopted any rules.

SECTION 6

IMPLEMENTATION TIMETABLE

The Tarzana Safari Walk Business Improvement District is expected to begin implementation of the Management District Plan on January 1, 2013. Consistent with State law the Tarzana Safari Walk Business Improvement District will have a five-year life through December 31, 2017.

SECTION 7

PARCEL ROLL

APN	Annual Assessment
2160-002-005	\$3,420.81
2160-002-050	\$8,283.83
2160-006-009	\$698.91
2160-006-010	\$782.67
2160-006-011	\$628.64
2160-006-028	\$1,398.37
2160-006-037	\$4,276.64
2160-006-038	\$3,591.97
2160-007-007	\$388.44
2160-007-008	\$625.79
2160-007-010	\$625.79
2160-007-011	\$418.20
2160-007-012	\$1,230.96
2160-007-026	\$421.57
2160-007-027	\$388.44
2160-007-028	\$586.93
2160-007-029	\$663.23
2160-007-032	\$2,158.13
2160-007-034	\$3,483.88
2161-008-018	\$3,050.54
2161-008-020	\$3,413.72
2161-008-021	\$1,346.61
2161-015-010	\$674.88
2161-015-011	\$978.57
2161-015-012	\$489.29
2161-015-019	\$4,361.11
2161-016-003	\$493.01
2161-016-004	\$493.01
2161-016-006	\$493.19
2161-016-007	\$677.34
2161-016-050	\$464.31
2161-016-051	\$29.08
2161-016-052	\$1,534.86
2161-017-009	\$1,214.99
2161-017-023	\$1,269.10
2161-017-024	\$1,039.81
2161-026-002	\$14,532.78

ATTACHMENT A

**TARZANA SAFARI WALK
BUSINESS IMPROVEMENT DISTRICT
ENGINEER'S REPORT**

**TARZANA SAFARI WALK
BUSINESS IMPROVEMENT DISTRICT
2013-2017**

*Renewed pursuant to Section 36600 et seq. of the California Streets and Highways Code
The Property and Business Improvement District Law of 1994*

**DISTRICT
ASSESSMENT ENGINEER'S
REPORT**

ATTACHMENT A

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

MAY 8, 2012

TARZANA SAFARI WALK BUSINESS IMPROVEMENT DISTRICT

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 proposed Tarzana Safari Walk Business Improvement District ("Tarzana PBID") being renewed for 5 years 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

RPE #26549 5-8-12
Date

(NOT VALID WITHOUT SIGNATURE AND CERTIFICATION SEAL HERE)

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 Tarzana PBID in the City of Los Angeles, California being renewed for a 5 year period. The discussion and analysis contained within constitutes the required "nexus" of rationale between assessment amounts levied and special benefits derived by properties within the Tarzana PBID.

NOTE: The terminology "identified benefiting parcel" or "property" is used throughout this report pursuant to SB 919 - "Proposition 218 Omnibus Implementation Act" which clarified portions of Prop 218. It provides the Engineer and District Consultant with the ability to actually identify individual parcels which will specially benefit directly either in whole or in part from the proposed District funded programs and improvements and does not imply that all parcels receive assessable benefits.

TARZANA SAFARI WALK BUSINESS IMPROVEMENT DISTRICT

Background

The Tarzana PBID is a property-based benefit assessment type district being renewed 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 Tarzana 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

TARZANA SAFARI WALK BUSINESS IMPROVEMENT DISTRICT

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 Tarzana PBID. These requirements are in addition to requirements imposed by State and local assessment enabling laws. These requirements were “chaptered” into law as Article XIIIID of the California Constitution.

Since Prop 218 provisions will affect all subsequent calculations to be made in the final assessment formula for the Tarzana PBID, Prop 218 requirements will be taken into account. The key provisions of Prop 218 along with a description of how the Tarzana 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 currently 38 “identified” parcels within a single benefit zone within the renewed Tarzana PBID that will derive special benefit from the proposed District programs and activities. The benefits are special and unique only to the identified properties within the proposed District because programs and services (i.e. streetscape services; district identity/marketing/promotions; administration/corporate operations; and, contingency/reserve) will only be provided directly for the identified properties. 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 land developments and/or land subdivisions will adhere to the assessment rate structures described herein. 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.

TARZANA SAFARI WALK BUSINESS IMPROVEMENT DISTRICT

The Tarzana PBID includes all parcels fronting on Ventura Blvd between Burbank Blvd/Crebs Avenue on the west and Reseda Blvd on the east. The District is one parcel deep along Ventura Boulevard. The identified parcels currently are a mix of retail, office, and parking uses. Services and improvements will be provided for parcels with Ventura Boulevard frontages as well as intersecting side street frontages for the retail, parking, and office uses within the District.

The zoning and land uses to the north and south of the parcels fronting on Ventura Boulevard are predominantly residential. Consistent with State PBID law that presumably concludes that parcels zoned solely residential do not benefit from PBID funded improvements and activities, the District only extends one parcel deep along Ventura Boulevard and thereby, excludes any and all residential zoned parcels and/or land uses.

Northern Boundary: The northern District boundary is generally bounded by the southerly line of the alley that lies north of, and approximately parallel to, Ventura Boulevard between Reseda Boulevard and Yolanda Avenue and from Yolanda Avenue to Burbank Boulevard. The parcels north of this alley are primarily zoned residential. Commercial zoning along the Ventura Boulevard Corridor is generally only one parcel deep north to the alley with the exception of Parcel No. 2160-006-037 which extends north to Clark Street and truncates the east/west alley at its east and west boundaries. This parcel is zoned both C2-1L and R3-1. The northern portion of this parcel is used primarily for commercial parking and, even though it is partially zoned residential, no residential units exist nor are proposed on this parcel. Therefore, the entire land area of this parcel is included in the renewed PBID.

All of the District services provided, such as trash removal, landscape upkeep and weed abatement are services that are over and above the City's baseline level of services and are not provided by the City. These services are not provided outside the District and because of the unique nature of these services focusing on each identified parcel within the District they provide particular and distinct benefits to each of the assessed parcels within the District. In order to ensure that parcels outside of the District will not specially benefit from the unique improvements and services funded by District assessments, improvements and services will only be provided to individual identified assessed parcels within the boundaries of the District.

Eastern Boundary: The eastern boundary of the District is the centerline of Reseda Boulevard. While the properties east of Reseda Boulevard are commercial, these properties are not considered part of the Tarzana community central business District and have different marketing needs and would not receive benefits from the improvement and activities to be provided to the District. The businesses to the east represent a different culture that do not promote the pedestrian friendly environment of the District. The District has the unique designation of being a pedestrian oriented area according to the Los Angeles Department of City Planning. The type of retail and commercial activities allowed in the District are more restrictive than would be permitted for the commercial establishments to the east.

All of the District services provided, such as trash removal, landscape upkeep and weed abatement are services that

TARZANA SAFARI WALK BUSINESS IMPROVEMENT DISTRICT

are over and above the City's baseline level of services and are not provided by the City. These services are not provided outside the District and because of the unique nature of these services focusing on each identified parcel within the District they provide particular and distinct benefits to each of the assessed parcels within the District. In order to ensure that parcels outside of District will not receive special benefits from the unique improvements and services funded by District assessments, improvements and services will only be provided to individual assessed parcels within the boundaries of the District.

Southern Boundary: The southern boundary of the District is the northerly line of the alley that lies south of, and runs parallel to, Ventura Boulevard from Crebs Avenue east to the west property line of parcel APN 2161-026-002, and then east along said northerly alley line from Yolanda Avenue to Reseda Boulevard. The southern boundary also includes the south property line of said parcel APN 2161-026-002 (northerly line of Redwing Street) east to Yolanda Avenue. The parcels south of the south district boundary are zoned primarily residential with residential land uses. It is noted that parcel APN 2161-026-003 is an airspace parcel that partially overlays parcel APN 2161-026-002 and is reserved for future residential condominium development. This elevated parcel is excluded from the renewed PBID in that its near-term future land use will be residential in nature which will not benefit from PBID funded improvements and activities which are designed to benefit the retail, office and related commercial parking uses within the District.

All of the District services provided, such as trash removal, landscape upkeep and weed abatement are services that are over and above the City's baseline level of services and are not provided by the City. These services are not provided outside the District and because of the unique nature of these services focusing on each parcel within the District they provide particular and distinct benefits to each of the assessed parcels within the District. Each assessed parcel within the District receives these benefits and is assessed regardless of property use. In order to ensure that parcels outside of District will not receive special benefits from the unique improvements and services funded with the assessment, improvements and services will only be provided to individual assessed parcels within the boundaries of the District.

Western Boundary: The western boundary of the District is the centerline of Burbank Boulevard/Crebs Avenue. While the properties to the west are commercial, the businesses to the west represent a different culture with auto related uses and other businesses that do not promote the pedestrian friendly of the District. These properties are not considered part of the Tarzana community central business District and have different marketing needs and would not receive benefits from the improvement and activities to be provided to the District. The District has the unique designation of being a pedestrian oriented area according to the Los Angeles Department of City Planning. The type of retail and commercial activities allowed in this pedestrian oriented area are more restrictive than would be permitted for the commercial establishments to the east.

All of the District services provided, such as trash removal, landscape upkeep and weed abatement are services that

TARZANA SAFARI WALK BUSINESS IMPROVEMENT DISTRICT

are over and above the City's baseline level of services and are not provided by the City. These services are not provided outside the District and because of the unique nature of these services focusing on each parcel within the District they provide particular and distinct benefits to each of the assessed parcels within the District. Each assessed parcel within the District receives these benefits and is assessed regardless of property use. In order to ensure that parcels outside of District will not receive special benefits from the unique improvements and services funded with the assessment, improvements and services will only be provided to individual assessed parcels within the boundaries of the District.

Therefore, since the neighboring parcels described above are not consistent with the goals and needs of the PBID, and will not receive any of the improvements or activities, they will not be included in the PBID nor will they derive special benefits from the PBID services and programs. 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 Tarzana PBID.

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 properties inside the District boundaries – none outside.

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 Tarzana 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

TARZANA SAFARI WALK BUSINESS IMPROVEMENT DISTRICT

each and every identified District parcel their respective commercial uses, increase tenancy and marketing of the properties in the PBID and improve the aesthetic appearance of streetscape areas adjacent to each identified parcel within the PBID. All benefits derived from the assessments to be levied on parcels within the PBID are for services, programs and improvements directly benefiting each identified 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 outside of the PBID boundaries.

The total improvement and activity plan for 2013, which is funded entirely by property assessments, is projected at \$70,629. The costs of providing each of the budget components was developed from actual experience obtained in providing these same services over a 10 year period. Actual service frequency may vary in order to match varying District needs over the five year term of the District. The following detailed services, programs and improvements will provide special benefit to the identified parcels within the PBID boundaries:

Streetscape Services and Improvements **\$ 36,727** **52.0%**

The streetscape services and improvements listed and described below are designed to increase commerce and attract and retain new business and patrons within the PBID boundaries. These services, programs and improvements will beautify and enhance the streetscape areas adjacent to each identified parcel within the District. The benefit to properties from these services is creation of a cleaner, safer and well designed environment for the betterment of commerce. In turn, stakeholder investments will be protected and increased commerce and positive neighborhood activity will result. Because these services, programs and improvements will only be provided to each identified District parcel, they will each constitute “special benefits” to the identified assessed parcels.

Trash Removal: A contract service provider picks up trash twice a week from the special Safari Walk trash receptacles that have been provided by the PBID throughout the District. This service decreases the amount of litter adjacent to each identified District parcel which, in turn, improves each parcel’s image and improves commerce.

Landscape Upkeep: Professional landscape crews periodically prune and trim landscaping located in the Tarzana Safari Walk Business Improvement District. This service improves the image adjacent to each identified District parcel which, in turn, improves commerce.

Weed Abatement: Weeds in the streetscape area adjacent to each District parcel are removed as they become unsightly. This service improves each parcel’s image which, in turn, improves commerce.

Trash receptacle and medallion repair and replacement: Trash receptacles and medallions in the district are repaired and maintained on a regular basis. This service improves each parcel’s image which, in turn, improves commerce.

TARZANA SAFARI WALK BUSINESS IMPROVEMENT DISTRICT

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STREETSCAPE IMPROVEMENTS

Streetscape improvements will be implemented within the District in an effort to increase pedestrian activity and attract customers to the individually assessed parcels within the District boundaries. The District will work with various City departments and consider a variety of these physical beautification streetscape improvements that will simultaneously aid to brand the District with a unique identity. Such improvements have already been done in other Business Improvement Districts throughout the City by creating unique demarcations for each District and helping them to define their unique District identity from neighboring areas who compete for commerce.

These improvements will include, but are not limited to:

- Decorative District-branded pedestrian crosswalks
- Unique District-branded sidewalk paver installations
- Improvements to street/pedestrian lighting
- Tree plantings for beautification

Because each of the above-described streetscape services and improvements will only be provided within the PBID boundaries and only for the benefit of each identified parcel in the District, they will each constitute “special benefits” to the identified assessed parcels.

District Identity/Marketing and Promotions \$ 10,594 15%

This work plan component includes elements such as the continuous development and maintenance of district website, development and distribution of a quarterly newsletter for district stakeholders, and the design, purchase and installation of theme advertising banners for display throughout the district. This work plan component is designed to increase commerce, enhance image and attract new patrons within the PBID boundaries which will provide direct special benefits to each identified parcel and businesses within the PBID. Because these services, programs and improvements will only be provided within the PBID boundaries and only for the benefit of each identified parcel in the District, they will each constitute “special benefits” to the identified assessed parcels.

Administration and Corporate Operations \$ 16,951 24%

This program element funds the costs for day to day contract management, preparation of regular PBID related reports, office expenses, legal fees, City/County assessment district fees, accounting/bookkeeping fees, and Directors & Officers and General Liability insurance.

TARZANA SAFARI WALK BUSINESS IMPROVEMENT DISTRICT

This component is key to the proper expenditure of PBID assessment funds and the administration of PBID programs and activities which are intended to benefit each parcel within the PBID through increased commerce and the attraction and retention of businesses. Because this program exists only for the direct benefit of each parcel within the PBID and will only be provided for matters occurring within the PBID boundaries, this program constitutes a "special benefit" to each assessed parcel.

Contingency/Reserve

\$6,357 9%

The contingency is used to cover uncollected assessments and unexpected expenditures. Unexpended funds carried over from the previous year are added to this category.

The contingency/special fees/reserve only relates to PBID matters, therefore this program element provides a "special benefit" to the assessed parcels.

The market rate for programs may vary and the budget categories may require adjustments up or down to continue the intended level of services and programs. The Property Owner's Association may make such adjustments, not to exceed 10% annually. Accrued interest or delinquent payments may be expended in any budget category. 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 conclusion, relative to the PBID funded work program, all of the above-described 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 image adjacent to, and for the direct and special benefit for, each identified District parcel. The programs, improvements and services are designed to specifically benefit identified properties within the PBID boundaries. The proposed PBID assessments will only be levied on identified properties 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 properties. 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.

TARZANA SAFARI WALK BUSINESS IMPROVEMENT DISTRICT

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 street frontages are expected to impact the demand for services and programs to a greater extent than smaller ones and thus 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 land 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) are computed by dividing the individual parcel assessment by the total special benefit program costs.

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 Tarzana PBID, they are also considerably less than other options considered by the Tarzana PBID 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 no publicly owned parcels at this time within the Tarzana PBID. Should any parcels become publicly owned, there is no compelling evidence anticipated at this time that such parcels would not benefit equally to privately owned parcels and, thus, would be assessed in the same manner and rates as private 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 Tarzana 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

TARZANA SAFARI WALK BUSINESS IMPROVEMENT DISTRICT

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 5 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 and street frontage within a single benefit zone.

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 Tarzana PBID (i.e. sidewalk services and improvements; district identity/marketing/promotions; administration/corporate operations; and, contingency/reserve) 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, and primary street frontage. It is noted that street frontage includes primary and secondary frontages for corner parcels excluding any alley frontages. Services will extend along all assessed frontages.

The interactive application of land area and street frontage quantities are a proven method of fairly and equitably spreading special benefit costs 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.

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 streetscape services, improvements, marketing and promotions and administration. In the opinion of this Assessment Engineer, the targeted weight of this factor, land area, should generate approximately 90% of the total PBID revenue.

Street frontage is a direct measure of the static utilization of each parcel and its corresponding impact or draw on PBID funded activities such as streetscape services and improvements. In the opinion of this Assessment Engineer, the targeted weight of this factor, street frontage, should generate approximately 10% of the total PBID revenue

TARZANA SAFARI WALK BUSINESS IMPROVEMENT DISTRICT

The “Basic Benefit Units” will be expressed as a combined function of land square footage (Benefit Unit “A”) and street frontage (Benefit Unit “B”). Based on the shape of the Tarzana PBID, as well as the nature of the District program elements, it is determined that all identified properties will gain a direct and proportionate degree of benefit based on the respective amount of parcel size and primary street frontage within a single benefit zone.

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. In turn, parcel size and street frontage measurements may also change. Any such modifications will result in recalculation of assessments for new and/or modified parcels based on assessment rates in affect when such changes occur in accordance with future maximum rates and the assessment methodology delineated in this Report.

While areas adjacent to the proposed renewed District boundaries are currently or proposed residential land uses and will not be included in the District nor assessed, no residential development is anticipated within the proposed PBID boundaries within the five year renewal term. 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 698,691 Benefit Units A and 5,919 Benefit Units B.

Step 3. Calculate Benefit Units for Each Property.

The number of Benefit Units for each identified benefiting parcel within the Tarzana PBID was computed from data extracted from County of Los Angeles 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 Tarzana PBID assessments will be based on land area and primary street frontage. The targeted

TARZANA SAFARI WALK BUSINESS IMPROVEMENT DISTRICT

assessment formula component weights are: 90% for Benefit Unit A - land area (92.048353% when adjusted) and 10% (7.952294% when adjusted) for Benefit Unit B - street frontage.

Computing Assessment Formula Unit Costs:

(Benefit Unit "A") = $\$70,629.40 \times 92.048353\% / 698,691 \text{ sq ft} = \$0.09305/\text{sq ft}$ of land area

(Benefit Unit "B") = $\$70,629.40 \times 7.952294\% / 5,919 \text{ lin ft} = \$0.94892/\text{lin ft}$ of primary street frontage

Assessment Rate Schedule and Application:

The assessment formula for commercial parcels is:

[Land Area (sq ft) x \$0.09305/sq ft] + [Street Frontage (lin ft) x \$0.94892/lin ft]

Step 5. Estimate Total District Costs

The total District costs for 2013 are projected to be as shown below in Table 1.

TABLE 1
Total 2013 District Costs

Program or activity funded by the Tarzana PBID	% of 2013 Budget	2013 Cost
Streetscape Services/Improvements	52%	\$36,727
District Identity/Marketing/Promotions	15%	\$10,594
Administration/Corporate Operations	24%	\$16,951
Contingency/Reserves	9%	\$6,357
Total	100%	\$70,629

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

All benefits derived from the assessments outlined in the Management District Plan and this Report are for supplemental services, programs and improvements directly benefiting the identified properties within the PBID. All PBID funded activities are provided solely to properties within the Tarzana PBID. All services will be delivered only within the boundaries and designed only for the direct special benefit of the identified assessed properties 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.

TARZANA SAFARI WALK BUSINESS IMPROVEMENT DISTRICT

TABLE 2
Total 2013 District Revenues

Funding Source	Revenue	% of Total
PBID Assessments	\$70,629	100.00%
TOTAL DISTRICT REVENUE	\$70,629	100.00%

Step 7. Calculate “Basic Unit Cost”

With a Year 1 budget of \$70,629 (special benefit only), the Basic Unit Costs are shown above in Step 4. Since the PBID is being renewed for a 5 year term, maximum assessments for future years (2014-2017) must be set at the inception of the renewed PBID. *An annual flat inflationary assessment rate increase of up to 5% may be imposed each year for Years 2014-2017*, on approval by the PBID Property Owner’s Association. The projected five year work plan costs are shown in Table 3 below.

TABLE 3
Projected Five Year Work Plan Costs*

	2013	2014	2015	2016	2017
Public Rights of Way & Sidewalk	\$36,727	\$38,564	\$40,492	\$42,516	\$44,642
District Identity/Marketing & Promotions	\$10,594	\$11,124	\$11,680	\$12,264	\$12,888
Administration & Corporate Operations	\$16,951	\$17,799	\$18,689	\$19,623	\$20,604
Contingency/Reserve	\$6,357	\$6,674	\$7,008	\$7,359	\$7,727
Total	\$70,629	\$74,161	\$77,869	\$81,762	\$85,861

* The market rate for programs may vary and the budget categories may require adjustments up or down to continue the intended level of services and programs. The Property Owner’s Association may make such adjustments, not to exceed 10% annually. Accrued interest or delinquent payments may be expended in any budget category.

TARZANA SAFARI WALK BUSINESS IMPROVEMENT DISTRICT

The maximum assessment rates for Years 2013-2017 are shown below in Table 4.

TABLE 4

Year 2013-2017 Maximum District Assessment Rates (assumes 5% annual increase)

	2013	2014	2015	2016	2017
Land Area Rate (per SF)	\$0.09305	\$0.09770	\$0.10259	\$0.10772	\$0.11310
Frontage Rate (per LF)	\$0.94892	\$0.99637	\$1.04618	\$1.09849	\$1.15342

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

2013

ASSESSMENT ROLL

TARZANA SAFARI WALK BUSINESS IMPROVEMENT DISTRICT

APN	2013 Assessment
2160-002-005	\$3,420.81
2160-002-050	\$8,283.83
2160-006-009	\$698.91
2160-006-010	\$782.67
2160-006-011	\$628.64
2160-006-028	\$1,398.37
2160-006-037	\$4,276.64
2160-006-038	\$3,591.97
2160-007-007	\$388.44
2160-007-008	\$625.79
2160-007-010	\$625.79
2160-007-011	\$418.20
2160-007-012	\$1,230.96
2160-007-026	\$421.57
2160-007-027	\$388.44
2160-007-028	\$586.93
2160-007-029	\$663.23
2160-007-032	\$2,158.13
2160-007-034	\$3,483.88

APN	2013 Assessment
2161-008-018	\$3,050.54
2161-008-020	\$3,413.72
2161-008-021	\$1,346.61
2161-015-010	\$674.88
2161-015-011	\$978.57
2161-015-012	\$489.29
2161-015-019	\$4,361.11
2161-016-003	\$493.01
2161-016-004	\$493.01
2161-016-006	\$493.19
2161-016-007	\$677.34
2161-016-050	\$464.31
2161-016-051	\$29.08
2161-016-052	\$1,534.86
2161-017-009	\$1,214.99
2161-017-023	\$1,269.10
2161-017-024	\$1,039.81
2161-026-002	\$14,532.78

ORDINANCE NO. _____

An Ordinance of Intention to establish a Property and Business Improvement District to be known as the "Tarzana Safari Walk Business Improvement District" pursuant to the Provisions of the Property and Business Improvement District Law of 1994 (Division 18, Part 7, Streets and Highways Code, State of California) and to levy assessments.

WHEREAS, the Property and Business Improvement District Law of 1994 authorizes cities to establish Property and Business Improvement Districts for the purpose of levying assessments on real property for certain purposes; and

WHEREAS, property owners in the Tarzana Safari Walk business community who will pay more than 50 percent of the total amount of assessments to be levied, have filed written petitions requesting that the City Council establish a district to be named the Tarzana Safari Walk Business Improvement District.

NOW THEREFORE,

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

Section 1. **DECLARATION.** Pursuant to the provisions of Property and Business Improvement District Law of 1994, Section 36600 *et seq.*, of the Streets and Highways Code (Act), the City Council declares its intention to consider the establishment of a Property and Business Improvement District to be named the Tarzana Safari Walk Business Improvement District (District).

Sec. 2. **ADOPTION OF ENGINEER'S REPORT AND MANAGEMENT DISTRICT PLAN.** The City Council hereby adopts, approves and confirms the Engineer's Report and the Management District Plan included in Council File No. _____.

Sec. 3. **PARCELS WITHIN THE DISTRICT.** The City Council hereby affirms its finding that all parcels, which will have a special benefit conferred upon them and upon which an assessment will be imposed, are identified in the Management District Plan.

Sec. 4. **PROPORTIONAL BENEFIT.** The City Council hereby reaffirms that the assessment proposed to be imposed on each parcel does not exceed the reasonable cost of the proportional benefit conferred on that parcel.

Sec. 5. **SEPARATION OF GENERAL AND SPECIAL BENEFITS.** The City Council hereby affirms that it has separated the general benefits, if any, from the special benefits conferred on each parcel.

Sec. 6. ASSESSMENTS SUPPORTED BY ENGINEER'S REPORT. The City Council hereby affirms that all proposed assessments are supported by a detailed engineer's report prepared by a registered professional engineer certified by the state of California.

Sec. 7. DISTRICT BOUNDARIES. The City Council hereby declares that the boundaries of the proposed District are as detailed in the Management District Plan. The proposed Tarzana Safari Walk BID area consists of approximately six blocks. A general description of the of the District is as follows: Properties fronting Ventura Boulevard between Burbank Boulevard on the west and Reseda Boulevard on the east. All property within the approximate boundaries described above are included in the Tarzana Safari Walk BID.

There are 37 parcels owned by 28 stakeholders in the proposed District. The map included in the District's Management District Plan gives sufficient detail to locate each parcel of property within the proposed District.

Sec. 8. IMPROVEMENTS AND ACTIVITIES. The City Council hereby declares that the proposed activities and improvements to be funded by the levy of assessments on property within the District are detailed in the Management District Plan. They include, but are not limited to, Public Rights of Way and Sidewalk Operations, District Identity/Marketing and Promotions, Administration and Corporate Operations, and Contingency/Reserve.

Sec. 9. ANNUAL ASSESSMENTS AND DURATION. The District's total assessment for five years is estimated to be \$390,282.00. The District's total annual assessment for the first year is estimated to be \$70,629.00. Annual assessments for subsequent years may be adjusted based upon the Consumer Price Index for the Los Angeles region, or by a flat percentage rate, not to exceed five percent of the previous year's rate. It is proposed that the District be established for a five year period. The District will not issue bonds.

Sec. 10. COLLECTION OF ASSESSMENTS. The City Council hereby declares that to the extent possible, assessments shall be collected at the same time and in the same manner as County ad valorem property taxes and shall be subject to all laws providing for the collection and enforcement of assessments. For properties that do not appear on the County tax rolls or for assessments for any years in which the City is unable to transmit the assessment information to the County in sufficient time for the County to collect the assessments with the County ad valorem property taxes, the City Clerk may bill and collect the assessments by mailing assessment notices (Statement of Assessment Due) to each property owner within the District at the address shown on City records. Assessments billed by the City Clerk are due 45 calendar days after the Statement of Assessment Due.

Sec. 11. NOTICE, PROTESTS AND HEARING PROCEDURES. The City Clerk shall follow the notice, protest, and hearing procedures prescribed in the Proposition 218 Omnibus Implementation Act (California Government Code, Section 53750 *et seq.*).

Sec. 12. PUBLIC HEARING. The City Council will hold a public hearing to determine whether to establish the District and levy assessments on _____ at 10:00 a.m., or as soon thereafter as City Council business permits, and on any hours and 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, all interested persons will be permitted to present written or oral testimony, and the City Council will consider all objections or protests to the proposed assessment.

Sec. 13. NOTICE TO RECORD OWNERS. The City Clerk shall give notice of the public hearing, in the manner specified in Government Code Section 53753, to the record owner of each parcel subject to the levy of an assessment. The notice shall be given at least 45 days before the public hearing date and shall specify that the public hearing will be to determine whether the City Council will establish the District and levy assessments.

Sec. 14. TABULATION OF ASSESSMENT BALLOTS. At the conclusion of the public hearing, the City Clerk shall tabulate all assessment ballots that have been submitted and not withdrawn. To be included in the tabulation, assessment ballots must be received by the City Clerk either at the address indicated in the notice required by Government Code Section 53753 or at the site of the public hearing prior to the conclusion of the public hearing. The City Clerk will certify the results of the tabulation to the City Council during its meeting on _____ at 10:00 a.m., or as soon thereafter as City Council business permits, in the John Ferraro Council Chamber, Room 340, City Hall, 200 North Spring Street, Los Angeles, California 90012.

Sec. 15. MAJORITY PROTEST. If there is a majority protest against the imposition of the assessment, the City Council will not impose the assessment. A majority protest will exist if the assessment ballots submitted, and not withdrawn, in opposition to the proposed assessment exceed the assessment ballots submitted, and not withdrawn, in its favor, weighting those assessment ballots by the amount of the proposed assessment to be imposed upon the identified parcel for which each assessment ballot was submitted.

Sec. 16. AMENDMENT TO ENABLING STATUTE. The properties and businesses within the District established by this Ordinance shall be subject to any amendments to the Property and Business Improvement District Law of 1994 (Division 18, Part 7, Streets and Highways Code, State of California).

Sec. 17. 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  _____
Deputy City Attorney

Date 6/14/12

File No. CF _____