

Engineer's Report
FOR THE
FORMATION
OF THE
BYZANTINE LATINO QUARTER
("BLQ")-PICO
PROPERTY BUSINESS IMPROVEMENT
DISTRICT

*Prepared September 2017 pursuant to the State of California
Property and Business Improvement District Law of 1994
to adopt a Management District in the BLQ-Pico area, a community within the
City of Los Angeles*

By

*Anderson Penna Partners, Inc.
Robert Merrell, P.E. (R.C.E. #28100)
3737 Birch Street, Suite 250
Newport Beach, CA 92660*

ENGINEER'S CERTIFICATION

This Engineer's Report is prepared pursuant to the Property and Business Improvement District Law of 1994 as amended (Streets & Highways Code Section 36600 *et seq.*; hereinafter "State Law") and pursuant to the provisions of Article XIID of the California Constitution (Proposition 218). It has been prepared in support of the Management District Plan for the renewal of the Byzantine Latino Quarter - Pico Property Business Improvement District (the "District"). That Management District Plan is incorporated herein by reference and provides a more complete description of the improvements and activities (referred to herein collectively as "Services") to be provided by the District.

Review of this Management District Plan and preparation of this Engineer's Report was completed by:



Robert Merrell, P. E.
State of California
Registered Civil Engineer No. 28100



ENGINEER'S REPORT

Introduction

This report shall serve as the “detailed engineer’s report” required by Section 4(b) of Article XIIIID of the California Constitution (Proposition 218) to support the benefit assessments proposed to be levied annually beginning on January 1, 2019 and through and including December 31, 2028 within the BLQ-Pico Property Business Improvement District. The assessments levied in connection with the District will be levied against parcels of real property, not businesses, and will be collected on the tax roll at the same time and in the same manner as ad valorem taxes paid to the County of Los Angeles. The Los Angeles City Clerk’s Office is authorized to collect the assessments or to place them on the County property tax roll together with any accrued interest or penalties for late payment or non-payment. The assessments will fund the costs of Services provided by the District, which are distributed among all parcels specially benefiting from them, based on the proportional special benefit that each parcel receives from the Services. Only those properties expected to specially benefit from funded Services will be assessed. This means, for example, that the assessment to fund District operations for calendar year 2019 will be collected on the 2018-19 tax roll.

Proposition 218 Requirements

Article XIIIID of the California Constitution, approved by the voters in 1996 as Proposition 218, requires that assessment methodologies meet certain requirements. Key provisions of Proposition 218 together with the findings of this Engineer’s Report as to how the District complies with each are presented below.

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

There are 236 identified parcels within the District that will specially and individually benefit from its proposed Services. These parcels are shown on the boundary map of the District contained within the Management District Plan, and listed in attachments to the Management District Plan and this Engineer’s Report. The lists identify these parcels by Assessor’s Parcel Number, property owner name, and site address.

Parcels were identified for inclusion based upon whether or not they will specially and individually benefit from District Services. The purpose of the proposed District is to provide Services to parcels along Pico Boulevard and in the area roughly bordered by Normandie Avenue, 15th Street, Venice Boulevard, and Berendo Street, all of which form a historically cohesive business community. While Pico Boulevard has been the pedestrian and vehicular spine of the District, it has historically and uniquely grown outward through such institutions as its local churches, private schools, Loyola High School, and other such institutions. Loyola High School mirrors the racial, economic, and ethnic diversity of this area and is committed to providing student community service

programs and distinctly strong leadership for community services and improvements as reflected in its published core Mission Statement and Philosophy. When the predecessor "Alpha BID" was formed in 2003, Loyola High School demanded to be included within its boundaries, and continues to express that demand relative to this District formation. In 2002, State Assembly Bill 516 designated the area "as an officially recognized historic area" based, in part, upon a finding that "community efforts are currently developing the Byzantine-Latino Quarter into a cultural, ethnic, and specialty business zone..." The unique nature of the area was also reflected in 1997 when a coalition of local merchants, churches, schools, and residents formally designated the area as the "Byzantine-Latino Quarter." Commercial, industrial, and institutional parcels that were in these specially designated areas were also included in the District, while surrounding residential parcels were not because they are zoned solely for residential use and are conclusively presumed not to benefit pursuant to State Law. Non-residential parcels not included in the District do not receive special benefits from the proposed BLQ-Pico District services and are not a part of the unique, distinct, historical business inter-relationships that characterize the District.

A single benefit zone has been identified within the proposed District. Each assessed parcel located within that zone will receive all District Services, except for publically owned parcels used for schools or parks which will not benefit from District Marketing and Promotions services and will, consequently, not be assessed for them.

All assessed commercial and industrial use parcels as defined by the Los Angeles County Assessor's Office and included within the District will specially and individually benefit from District Services in proportion to their relative land size, improvement size, and length of street frontage as described below. (For a discussion of parcels outside the District boundaries, see Page 8 of this Engineer's Report.)

- Landscaping, Sanitation, and Beautification services include sidewalk cleaning, street and public alley cleaning, sidewalk pressure washing, graffiti removal, sticker removal, trash removal, and landscaping at the properties that are assessed. The impact of these services upon assessed District parcels is that they enhance the parcels' ability to attract customers, employees, tenants, and investors thereby increasing business volumes. This special benefit to assessed District parcels is particular and distinct because non-assessed parcels do not receive these benefits. This standard is greater than would exist with only City baseline services.
- Marketing and Promotions services include street medallions, street banners, signage, public right of way clock maintenance, holiday decorations, a website, a newsletter for property owners, branding graphics and advertising, placement of promotional materials in various media, and brochure preparation that target customers, employees, tenants, and investors either individually or as identified sub-groups to communicate the desirability of merchandise or services provided on assessed District parcels or their location thereby increasing economic activity including sales, customer traffic, and space rental. This special benefit to assessed District parcels is particular and distinct because non-assessed parcels do

not receive these benefits. This standard is greater than would exist with only City baseline services.

- The District's Policy Development, Management, and Administration services, including possible District renewal, provide for the efficient and effective functioning of the above described direct parcel Services (i.e. Landscaping, Sanitation, and Beautification; and, Marketing and Promotions) and the development of broader policies affecting the area that encourage economic activity and growth. These services include District vendor selection and management, property owner communications, advocacy of property interests, effective Owner's Association coordination, and sound fiscal management. The impact of these services upon assessed District parcels is that they improve the effectiveness and efficiency of District parcel Services and facilitate the development of broader policies affecting the area that encourage economic activity and growth, both of which increase business volumes. This special benefit to assessed District parcels is particular and distinct because non-assessed parcels do not receive the benefits of its direct services or the benefits of its direct services the policy initiatives that are undertaken. This standard is greater than would exist with only City baseline services.

All assessed residential use parcels as defined by the Los Angeles County Assessor's Office and included within the District are zoned commercial or industrial or "commercial residential" (not "solely-residential" as described in State Law i.e. "R4" or "R5"); and, all such assessed residential use parcels will specially and individually benefit from District Services in proportion to their relative land size, improvement size, and length of street frontage as described below. (For a discussion of parcels outside the District boundaries, see Page 8 of this Engineer's Report.)

- Landscaping, Sanitation, and Beautification services include sidewalk cleaning, street and public alley cleaning, sidewalk pressure washing, graffiti removal, sticker removal, trash removal, and landscaping at the properties that are assessed. The impact of these services upon assessed District parcels is that they enhance the parcels' ability to attract tenants, employees, investors, and owners, thereby increasing business volumes of the parcels. This special benefit to assessed District parcels is particular and distinct because non-assessed parcels do not receive these benefits. This standard is greater than would exist with only City baseline services.
- Marketing and Promotions services include street medallions, street banners, signage, public right of way clock maintenance, holiday decorations, a website, a newsletter for property owners, branding graphics and advertising, placement of promotional materials in various media, and brochure preparation that target tenants, employees, investors, and owners either individually or as identified sub-groups to communicate the desirability of rentals or unit sales thereby increasing economic activity including rentals, leasing, and customer traffic within the District. This special benefit to assessed District parcels is particular and distinct

because non-assessed parcels or their residential units will not receive these benefits. This standard is greater than would exist with only City baseline services.

- The District's Policy Development, Management, and Administration services including possible District renewal provide for the efficient and effective functioning of the above described direct Services (i.e. Landscaping, Sanitation, and Beautification; and, Marketing and Promotions) and the development of broader policies affecting the area that encourage economic activity and growth. These services include District vendor selection and management, property owner communications, advocacy of property interests, effective Owner's Association coordination, and sound fiscal management. The impact of these services upon assessed District parcels is that they improve the effectiveness and efficiency of District Services, which encourages economic activity and growth, both of which increase business volumes within the District. This special benefit to assessed District parcels is particular and distinct because non-assessed parcels do not receive them, or the benefits of its direct services, or the policy initiatives it undertakes. This standard is greater than would exist with only City baseline services.

All assessed institutional and church use parcels as defined by the Los Angeles County Assessor's Office and included within the District are zoned commercial or industrial or "commercial residential" (not "solely-residential" as described in State Law i.e. "R4" or "R5"); and, all such uses will specially and individually benefit from District Services in proportion to their relative land and improvement size and length of street frontage as described below. This is particularly true for uses that function as private, tuition-based schools, which compete with alternative locations for attendance; or, for uses that function as churches, which compete with alternative locations for attendance. In addition, Loyola High School, other such institutional uses, and the BLQ business community have a unique historical relationship of mutual support and shared racial, economic, and ethnic ties as described on Page 3 of the Engineer's Report. (For a discussion of parcels outside the District boundaries, see Page 8 of this Engineer's Report.)

- Landscaping, Sanitation, and Beautification services include sidewalk cleaning, street and public alley cleaning, sidewalk pressure washing, graffiti removal, sticker removal, trash removal, and landscaping at the properties that are assessed. The impact of these services upon assessed District parcels is that they enhance the parcels' ability to attract and effectively serve students, worshipers, members, clients, employees, and contributors. These services are provided to Loyola High School parcel frontage. This special benefit to assessed District parcels is particular and distinct because non-assessed parcels do not receive these benefits. This standard is greater than would exist with only City baseline services.
- Marketing and Promotions services include street medallions, street banners, signage, public right of way clock maintenance, holiday decorations, a website, a newsletter for property owners, branding graphics and advertising, placement of promotional materials in various media, and brochure preparation that targets

students, worshipers, members, clients, employees, and contributors either individually or as identified sub-groups to communicate the desirability of the District thereby increasing its economic activity including revenue generating attendance and contributions. Loyola High School benefits from these services through the attraction of revenue generating students and their families to the District. This special benefit to assessed District parcels is particular and distinct because non-assessed parcels will not receive them. This standard is greater than would exist with only City baseline services.

- The District's Policy Development, Management, and Administration services, including possible District renewal, provide for the efficient and effective functioning of the above described direct Services (i.e. Landscaping, Sanitation, and Beautification; and, Marketing and Promotions) and the development of broader policies affecting the area that encourage economic activity and growth. These services include District vendor selection and management, property owner communications, advocacy of property interests, effective Owner's Association coordination, and sound fiscal management. The impact of these services upon assessed District parcels is that they improve the effectiveness and efficiency of District Services and facilitate the development of broader policies affecting the area that encourage economic activity and growth, both of which increase church and institutional use volumes. Loyola High School has benefitted in this manner. This special benefit to assessed District parcels is particular and distinct because non-assessed parcels do not receive them. This standard is greater than would exist with only City baseline services.

All assessed publically owned parcels included within the District are held by either the City as public parks or the Los Angeles Unified School District as public school sites and will specially and individually benefit from District services in proportion to their relative land and improvement size and length of street frontage as described below. Such public use parcels will not, however, benefit from District Marketing and Promotions services and will not be assessed for them, as also described below. (For a discussion of parcels outside the District boundaries, see Page 8 of this Engineer's Report.)

- Landscaping, Sanitation, and Beautification services include sidewalk cleaning, street and public alley cleaning, sidewalk pressure washing, graffiti removal, sticker removal, trash removal, and landscaping at the properties that are assessed. The impact of these services upon assessed District parcels is that they enhance the parcels' ability to attract users or students thereby increasing the numbers of users or students, which increases the parcels' accomplishment of its service mission. This special benefit to assessed District parcels is particular and distinct because non-assessed parcels do not receive them. This standard is greater than would exist with only City baseline services.
- Marketing and Promotions services include street medallions, street banners, signage, public right of way clock maintenance, holiday decorations, a website, a newsletter for property owners, branding graphics and advertising, placement of promotional materials in various media, none of which will benefit publically

owned parcels because they are addressed to commercial economic uses not public school or public parks uses and therefore do not benefit them. Marketing and promotions services as provided by the District does not influence public school or public park attendance and therefore will not benefit publically owned parcels used as schools or parks. Consequently, these publicly owned parcels will not be assessed for these services. The District will not market or promote public school attendance. Nor will it market or promote use of public parks. Consequently, publically owned parcels in the District will not be assessed for Marketing and Promotions costs.

- The District's Policy Development, Management, and Administration services provide for the efficient and effective functioning of the Landscaping, Sanitation, and Beautification services that benefit these publically owned parcels. These services include District vendor selection and management, property owner communications, advocacy of property interests, effective Owner's Association coordination, and sound fiscal management. The impact of these services upon assessed District parcels is that they improve the effectiveness and efficiency of District Services, which benefits the owner's achievement of its service mission. This special benefit to assessed District parcels is particular and distinct because non-assessed parcels do not receive them. This standard is greater than would exist with only City baseline services.

In order to ensure that parcels outside of the District will not specially nor individually benefit from the assessment funded Services, the Services will only be provided within the boundaries of the District to parcels that share a common unique, distinct, historical business inter-relationship that characterizes the District. Specifically, Landscaping, Sanitation, and Beautification service providers employed in connection with the District will only patrol or provide services on the streets and sidewalks adjacent to individually assessed parcels within the District and will not provide services outside of its boundaries. Similarly, the District will not fund new Landscaping, Sanitation, or Beautification services outside of its boundaries. District Marketing and Promotions services will not address activities outside of its boundaries; nor will the District's Policy Development, Management, and Administration services. The District's purpose is to fund Services that provide a better kept, cleaner, and more beautiful environment with the goal of increasing pedestrian traffic that increases business levels on District parcels; and, to perform marketing and promotions efforts that present a more attractive, inviting, and vibrant area that increases business levels on District parcels.

Parcels outside of the District that are in residential use, will not specially nor individually benefit from District Services because State Law conclusively presumes that parcels zoned solely for residential use receive no special benefit from Services funded pursuant to it. In addition, such District Services will not benefit residential use parcels that are not zoned solely residential because these Services will not be provided on the street or sidewalk fronting such parcels. Therefore, such non- "solely residentially" zoned parcels will be physically remote from the Services and not affected by them; Landscaping, Sanitation, or Beautification personnel will not work in front of such parcels. District Marketing and Promotions services will not address activities outside of

its boundaries; nor will the District's Policy Development, Management, and Administration services. District Marketing and Promotions; and, Policy Development, Management, and Administration services will be geared towards the commercial, industrial, and institutionally use parcels within its boundaries. These services will be marketing the retail, service, office, industrial, institutional, and residential rental opportunities on District parcels that share a unique, distinct, historical business inter-relationship and not to the residential uses outside of it. These residential use parcels outside the District do not share in the unique, distinct, historical business inter-relationships that characterize the District; or, are a part of other commercial or residential Districts that surround the BLQ-PICO commercial area, not a part of this District.

Parcels outside of the District that are in commercial (retail, service, office, industrial, manufacturing, institutional) or other non-residential uses, will not specially benefit from District Services because they will not be provided on the street or sidewalk fronting such parcels. Therefore, such commercial parcels will be physically remote from the Services and not affected by them; Landscaping, Sanitation, or Beautification personnel will not work in front of such parcels. These commercial or other non-residential use parcels do not share in the unique, distinct, historical business inter-relationships that characterize the District; or, are a part of other commercial or residential Districts that surround the BLQ-PICO commercial area, not a part of this District. District Marketing and Promotions services will not address activities outside of its boundaries; nor will the District's Policy Development, Management, and Administration services. District Marketing and Promotions; and, Policy Development, Management, and Administration services will be geared towards the commercial, residential, and church and institutional use parcel activities within its boundaries that share a unique, distinct, historical business inter-relationship that characterizes the District. These services will be marketing the office, retail, and residential rental opportunities in the District, not the commercial opportunities outside of it.

A description of how specific District boundary locations were determined is presented below:

Northern Boundary:

The northern boundary of the District, beginning at the northwestern corner of the District, begins at the intersection of the centerline of Western Avenue with the prolongation of the north boundary of parcel 5080-012-031, then east along that parcel boundary to its intersection with the west boundary of parcel 5080-012-009, then north to the north boundary of that parcel, then east along that parcel boundary to the northeast corner of that parcel, then south to the northwest corner of parcel 5080-012-010, then east to the northeast corner of that parcel, then north to the northwest corner of parcel 5080-012-033, then east to the northeast corner of that parcel, then south and east along the lines of parcel 5080-012-033 to the northwest corner of parcel 5080-012-013, then east along the northern boundary of parcels 5080-012-013, 016, 015, and 014, to the northeast corner of parcel 5080-012-014, then north to the northwest corner of parcel 5080-012-

903, then east to the northeast corner of that parcel, then south to the northwest corner of parcel 5080-012-905, then east along the northern parcel boundary to the centerline of Serrano Avenue, then east to the centerline of the public alley north of parcels 5080-019-923, 919, 922, and 921, then east along the centerline of the public alley north of parcels 5080-019-923, 919, 922, and 921 to the centerline of Hobart Boulevard, then north along that centerline to its intersection with the westerly prolongation of the northern boundary of parcel 5080-020-029, then east to the northeast corner of that parcel, then south to the northwest corner of parcel 5080-020-028, then east along the northern boundary of parcels 5080-020-028 and 027 to the centerline of Harvard Boulevard, then east to the northwest corner of parcel 5080-027-025, then south and east along the lines of parcel 5080-027-025 to the centerline of Kingsley Drive, then north along that centerline to its intersection with the westerly prolongation of the northern boundary of parcel 5080-028-016, then east along the northern boundary of parcels 5080-028-016, 015, 014, 013, and 012 to the centerline of Ardmore Avenue, then east to the northwest corner of parcel 5080-035-014, then east along the northern boundary of parcels 5080-035-014, 013, 012, and 011 to the centerline of Irolo Street, then east to the northwest corner of parcel 5078-036-014, then east along the northern boundary of parcels 5078-036-014, 013, 012, and 011 to the centerline of Normandie Avenue, then east to the northwest corner of parcel 5078-035-016, then east along the northern boundary of parcels 5078-035-016, 015, 014, and 013 to the northeast corner of parcel 5078-035-013, then south to the northwest corner of parcel 5078-035-012, then east along the northern parcel boundary to the centerline of Mariposa Avenue, then north along that centerline to its intersection with the westerly prolongation of the northern boundary of parcel 5078-034-017, then east along the northern boundary of parcels 5078-034-017, 016, and 032 to the centerline of Fedora Street, then east to the northwest corner of parcel 5078-033-012, then east along the northern boundary of parcels 5078-033-012, 023 and 010 to the centerline on Kenmore Avenue, then east to the northwest corner of parcel 5078-032-015, then east to the northern boundary of parcels 5078-032-015, 014, 026, 027 and 011 to the centerline of Dewey Avenue, then east to the northwest corner of parcel 5078-031-029, then east to the northern boundary of parcels 5078-031-029, 014, 013 and 028 to the centerline of Catalina Street, then east to the northwest corner of parcel 5078-030-016, then east along the northern boundary of parcels 5078-030-016, 028, 013 and 012 the centerline of Berendo Street, then north along that centerline to its intersection with the westerly prolongation of the northern boundary of parcel 5078-029-028, then east along that northern parcel boundary to the northeast corner of that parcel, then south to the northwest corner of parcel 5078-029-031, then east along that northern parcel boundary to the centerline of New Hampshire Avenue, then east to the northwest corner of parcel 5078-028-011, then east along the northern boundary of parcels 5078-028-011, 025 and 024 to the centerline of Vermont Avenue, then north along that centerline to its intersection with the westerly prolongation of the northern boundary of parcel 5076-019-030, then east along that northern parcel boundary to the centerline of Menlo Avenue, then south along that centerline to its intersection with the westerly prolongation of the northern boundary of parcel 5076-019-025, then east to the northeast corner of parcel 5076-019-025, then north to the northwest corner of parcel 5076-019-024, then east to the northeast corner of that parcel, then south to the northwest corner of parcel 5076-019-903, then east along the northern boundary of parcels 5076-019-903 and 902 to the

centerline of Westmoreland Avenue, then north along that centerline to its intersection with the westerly prolongation of the northern boundary of parcel 5076-018-023, then east along that northern parcel boundary to the centerline of Elden Avenue, then south along that centerline to its intersection with the westerly prolongation of the northern boundary of parcel 5076-017-012, then east along the northern parcel boundary of parcels 5076-017-012 and 013 to the centerline of Magnolia Avenue, then north along that centerline to its intersection with the westerly prolongation of the northern boundary of parcel 5076-016-011, then east along that northern parcel boundary to the centerline of the public alley, then north along that centerline to its intersection with the westerly prolongation of the northern boundary of parcel 5076-016-026, then east along that northern parcel boundary to the centerline with Arapahoe Street, then north along that centerline to its intersection with the westerly prolongation of the northern boundary of parcel 5076-015-008, then east along the northern boundary of parcels 5076-015-008 and 020 to the centerline of Hoover Street, then south along that centerline to its intersection with the centerline of Lake Street, then northeast along the centerline of Lake Street to its intersection with the northwesterly prolongation of the northeast boundary of parcel 5136-024-019, then southeast along the northeast parcel boundary of parcels 5136-024-019, 020 and 021 to the centerline of the public alley, then northeast along that centerline to its intersection with the northwesterly prolongation of the northeast boundary of parcel 5136-024-009, then southeast along that northeast parcel boundary to the centerline of Alvarado Street, then northeast along that centerline to its intersection with the northwesterly prolongation of the northeast boundary of parcel 5136-023-032, then southeast along that northeast parcel boundary to its intersection with the public alley, then southwest along that centerline to its intersection with the northwesterly prolongation of the northeast boundary of parcel 5136-023-031, then southeast along that northeast parcel boundary to the centerline of Westlake Avenue, then southwest along that centerline to its intersection with the northwesterly prolongation of the northeast boundary of parcel 5136-022-027, then southeast along that northeast parcel boundary to its intersection with the centerline of the public alley, then southwest along that centerline to its intersection with the northwesterly prolongation of the northeast boundary of parcel 5136-022-015, then southeast along that northeast parcel boundary to the centerline of Bonnie Brae Street, then southeast to the most northerly corner of parcel 5137-034-001, then southeast along that northeast parcel boundary to the most easterly corner of parcel 5137-034-001, then northeast to the most northerly corner of parcel 5137-034-017, then southeast along the northeast parcel boundary of parcels 5137-034-017, 018, 019, 020, 021, 022, 023, 024, 025, 026 and 5137-033-010, 011, 027, 014, 015, 030, and 029 to the centerline of Union Avenue, then southeast to the most northerly corner of parcel 5137-032-036, then southeast along the northeast parcel boundary to the most easterly corner of parcel 5137-032-036, then northeast along northwest boundary of parcel 5137-032-023 to the centerline of 12th Place, then southeast along that centerline to its intersection with the northeasterly prolongation of the southeast boundary of parcel 5137-032-023, then southwest along that southeast parcel boundary to most northerly corner of parcel 5137-032-019, then southeast along the northeast parcel boundary of parcels 5137-032-019, 020, and 021 to the centerline of Valencia Street, then southeast to the most northerly corner of parcel 5137-031-013, then southeast east along the northeast boundary of parcels 5137-031-013, 014, and 015 to the most easterly corner of parcel

5137-031- 016, then northeast along the northwest parcel boundary of parcel 5137-031-007 to the centerline of 12th Place, then southeast along that centerline to its intersection with the centerline of Albany Street, then southwest along that centerline to its intersection with the northwesterly prolongation of the northeast boundary of parcel 5137-031-025, then southeast along the northeast parcel boundary of parcels 5137-031-025, 017, 018 and 027 to the State Freeway 110 (Harbor Freeway) right of way.

This boundary includes all of the commercially zoned parcels that front on the north side of Pico Boulevard, the area's prominent, historical commercial corridor, and excludes those parcels to the north that do not front on Pico Boulevard. All assessed parcels located within the District will specially and individually benefit from its improvements and activities. No improvements or activities will be provided outside of the District's boundaries.

Eastern Boundary:

The eastern boundary of the District begins at the most easterly corner of parcel 5137-031-027, then continues southwest along the State 110 Freeway (Harbor Freeway) public right of way to the most southerly corner of parcel 5135-035-020. This boundary is a natural boundary and includes all of the commercially zoned parcels to the west that front on Pico Boulevard, the area's prominent, historic commercial corridor, and excludes those to the east, on the east side of the State Freeway 110 (Harbor Freeway) that are a part of the Convention Center, Staples Center, and L.A. Live business district and not the historic BLQ-Pico district. All assessed parcels located within the District will specially and individually benefit from its improvements and activities. No improvements or activities will be provided outside of the District's boundaries.

Southern Boundary:

The southern boundary of the District begins at the the most southerly corner of parcel 5135-035-020, then continuing northwest, northeast and northwest along the southwest, northwest and southwest parcel boundaries to the most westerly corner of parcel 5135-035-020, then northwest to the centerline of Albany Street, then northeast to its intersection with the southeasterly prolongation of the centerline of the public alley southwest of parcel 5135-034-025, then northwest along that alley centerline to the centerline of Valencia Street, then southwest along that street centerline to its intersection with the southeasterly prolongation of the southwest boundary of parcel 5135-033-033, then northwest to the most westerly corner of parcel 5135-033-033, then northeast to the most southerly corner of parcel 5135-033-024, then northwest along that southwest parcel boundary to the centerline of Toberman Street, then southwest along that street centerline to its intersection with the southeasterly prolongation of the centerline of the public alley southwest of parcel 5135-022-041, then northwest along that alley centerline to its intersection with the centerline of Union Avenue, then continuing northwest along the centerline of the public alley southwest of parcel 5135-021-004, to its intersection with the centerline of Constance Street, then southwest along that centerline to its intersection with the southeasterly prolongation of the southwest boundary of parcel 5135-020-019,

then northwest to the most southwesterly corner of parcel 5135-020-019, then northeast to the most southerly corner of parcel 5135-020-022, then northwest along that southwest parcel boundary to the centerline of Burlington Avenue, then southwest along that street centerline to its intersection with the southeasterly prolongation of the southwest boundary of parcel 5135-005-011, then northwest to the most westerly corner of parcel 5135-005-010, then north to the most southerly corner of parcel 5135-005-001, then northwest to the centerline of Bonnie Brae Street / Alvarado Terrace, then northwest to the most southerly corner of parcel 5135-004-008, then northwest along that southwest parcel boundary to the centerline of the public alley, then northeast along that centerline to its intersection with the southeasterly prolongation of the southwest boundary of parcel 5135-004-007, then northwest along that southwest parcel boundary to the centerline of Westlake Avenue, then southwest along that street centerline to its intersection with the southeasterly prolongation of the southwest boundary of parcel 5135-002-018, then northwest along that southwest parcel boundary to the centerline of the public alley south and east of parcel 5135-002-015, then southwest along that alley centerline to its intersection with the centerline of Alvarado Street, then southwest along that street centerline to its intersection with the southeasterly prolongation of the southwest boundary of parcel 5135-001-020, then northwest along that southwest parcel boundary the centerline of Hoover Street, then north along that street centerline to its intersection with the easterly prolongation of the southern boundary of parcel 5056-008-012, then west to the southwest corner of parcel 5056-008-022, then north to the southeast corner of parcel 5056-008-001, then west along that south parcel boundary to the centerline of Arapahoe Street, then south along that street centerline to its intersection with the easterly prolongation of the southern boundary of parcel 5056-007-023, then west along that southern parcel boundary to the centerline of the public alley, then north along that alley centerline to its intersection with the easterly prolongation of the southern boundary of parcel 5056-007-003, then west along the southern boundary of parcels 5056-007-003, 002 and 001 to the centerline of Magnolia Avenue, then south along that centerline to its intersection with the centerline of the public alley south of parcel 5056-004-024, then west along that public alley centerline to its intersection with the centerline of Orchard Avenue, then west to the southeast corner of parcel 5056-003-027, then west along that southern parcel boundary to the centerline of Westmoreland Avenue, then west to the southeast corner of parcel 5056-002-042, then west along the southern boundary of parcels 5056-002-042, 040, 020 and 021 to the centerline of Menlo Avenue, then west to the southeast corner of parcel 5056-001-001, then west along the southern boundary of parcels 5056-001-001, 002, 055 and 004 to the centerline of Vermont Avenue, then west to the southeast corner of parcel 5075-001-001, then west along the southern boundary of parcels 5075-001-001 and 016 to the centerline of New Hampshire Avenue, then north along that street centerline to its intersection with the easterly prolongation of the south boundary of parcel 5075-003-011, then west to the southwest corner of parcel 5075-003-011, then south along the east boundary of parcel 5075-003-013 to the centerline of the public alley south of said parcel, then west along that alley centerline to its intersection with the centerline of Berendo Street, then south along that centerline to its intersection with the easterly prolongation of the centerline of the public alley south of parcel 5075-005-006, then west along that alley centerline to its intersection with the centerline of Catalina Street, then continuing west along the centerline of the public alley south of

parcel 5075-006-006 to its intersection with the southerly prolongation of the western boundary of parcel 5075-006-003, then north along that parcel boundary to the southeast corner of parcel 5075-006-001, then west along that southern parcel boundary to the centerline of Dewey Avenue, then south along that street centerline to its intersection with the easterly prolongation of the southern boundary of parcel 5075-007-005, then west to the southwest corner of parcel 5075-007-005, then south along the east boundary of parcel 5075-007-028 the centerline of the public alley south of said parcel, then west along that centerline to its intersection with the centerline of Kenmore Avenue, then north along that street centerline to its intersection with the easterly prolongation of the southern boundary of parcel 5075-008-025, then west to the southwest corner of parcel 5075-008-025, then south to the southeast corner of parcel 5075-008-024, then west along that southern parcel boundary to the centerline of Fedora Street, then north along that street centerline to its intersection with the easterly prolongation of the southern boundary of parcel 5075-008-004, then west along the southern boundary of parcels 5075-008-004 and 003 to its termination in the eastern boundary of parcel 5075-008-003, then south along that boundary to the centerline of the public alley south of parcel 5075-008-003, then west along that alley centerline to its intersection with the centerline of Mariposa Avenue, then south along that centerline to its intersection with the easterly prolongation of the southern boundary of parcel 5075-009-026, then west to the southwest corner of parcel 5075-009-026, then south along the east boundary of parcel 5075-009-021 to the centerline of 15th Street, then east along that centerline to its intersection with the centerline of Kenmore Avenue, then north along that centerline to its intersection of the westerly prolongation of the northern boundary of parcel 5075-014-019, then east along that parcel boundary to its intersection with the centerline of the alley west of the western boundary of parcel 5075-014-019, then north along the centerline of that alley to the westerly prolongation of the northern boundary of parcel 5075-014-019, then east along that northern boundary to the centerline of Dewey Avenue, then east along the northern boundary of parcel 5075-014-019 to the centerline of the public alley east of the eastern boundary of parcel 5075-014-019, then south along that centerline to the northern boundary of parcel 5075-014-019, then east along that parcel boundary to its intersection of the centerline of Catalina Street, then south along that street centerline to its intersection with the centerline of 15th Street, then east along that centerline to its intersection with the centerline of Berendo Street, then north along that centerline to its intersection with the westerly prolongation of the north boundary of parcel 5075-014-019, then east along that parcel boundary to the centerline of the public alley east of parcel 5075-014-019, then south along that public alley centerline to its intersection with the centerline of Venice Boulevard, then west along that street centerline to its intersection with the southerly prolongation of the west boundary of parcel 5075-013-026, then north to the northwest corner of parcel 5075-013-026, then east along that north parcel boundary to the centerline of Normandie Avenue, then north along that street centerline to its intersection with the centerline of 15th Street, then west along that street centerline to its intersection with the southerly prolongation of the west boundary of parcel 5075-011-022, then north along that west parcel boundary to the centerline of 14th Street, then east along that centerline to its intersection with the southerly prolongation of the western boundary of parcel 5075-010-027, then north and west along that parcel's boundaries to the southeast corner of parcel 5075-010-010, then

west along the south boundary of parcels 5075-010-010, 009, 008, 007, 006, 005, 004, 028, 002, and 001 to the centerline of Ardmore Avenue, then south along that street centerline to its intersection with the centerline of 15th Street, then west along that street centerline to its intersection with the southerly prolongation of the western boundary of parcel 5074-006-016, then north to the southeast corner of parcel 5074-006-014, then west along that south parcel boundary to the centerline of Harvard Boulevard, then north along that street centerline to its intersection with the centerline of the public alley south of parcel 5074-005-011, then west along that alley centerline to its intersection with the east boundary of parcel 5074-005-022, then south to the southeast corner of parcel 5074-005-022, then west along the southern boundary of parcels 5074-005-022, 002 and 003 to the centerline of Hobart Boulevard, then north along that street centerline to its intersection with the easterly prolongation of the southern boundary of parcel 5074-002-001, then west along the southern boundary of parcels 5074-002-001, 002, 003, 004, 005, 006, 007, 008 and 009 to the centerline of Oxford Avenue, then north along that street centerline to its intersection with the easterly prolongation of the southern boundary of parcel 5074-001-011, then west to the southwest corner of parcel 5074-001-011, then south to the southeast corner of parcel 5074-001-010, then west along the southern boundary of parcels 5074-001-010, 009, 008, 007, 006, 024, 003, 002 and 001 to the centerline of Western Avenue.

This boundary includes all of the contiguous, commercially zoned, historically related parcels that front Pico Boulevard, and includes Loyola High School and related institutional use parcels, and excludes those parcels to the south of the Pico Boulevard commercial corridor and north of Loyola High School that are zoned solely residential and presumed by State Law to not benefit from District improvements or activities, and excludes those parcels south of Loyola High School that have no historical or commercial nexus to Pico Boulevard, the area's major historical commercial corridor. All assessed parcels located within the District will specially and individually benefit from its improvements and activities. No improvements or activities will be provided outside of the District's boundaries.

Western Boundary:

The western boundary of the District begins at the intersection of the westerly prolongation of the southern boundary of parcel 5074-001-001 and the centerline of Western Avenue, then continues north along that street centerline to its intersection with the prolongation of the north boundary of parcel 5080-012-031. This boundary includes all of the contiguous, commercially zoned, historically related parcels that front on Pico Boulevard and includes Loyola High School and related institutional use parcels to the east and excludes those to the south and west and those that are zoned solely residential and presumed by State Law to not benefit from District improvements or activities and excludes those to the west and north that are not a historic of function part of the historic BLQ-Pico corridor. All assessed parcels located within the District will specially and individually benefit from its improvements and activities. No improvements or activities will be provided outside of the District's boundaries.

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

State Law, Proposition 218, and judicial decisions require that assessments be levied according to the estimated special benefit each assessed parcel receives from Services provided by the District. Article XIID Section 4a of the California Constitution states, in part, that “only special benefits are assessable,” which requires that general benefits, if any, be separated from special benefits provided by the District. A judicial decision in the Golden Hill Neighborhood Association v San Diego case further clarified that “even minimal general benefits must be separated from special benefits and quantified so that the percentage of the cost of services and improvements representing general benefits, however slight, can be deducted from the amount of the cost assessed against specially benefitting properties.”

Special Benefit

Proposition 218 defines “special benefit” to mean “a particular and distinct benefit over and above general benefits conferred on real property located in the District or to the public at large. General enhancement of property value does not constitute ‘special benefit.’” The Services, their costs, and assessments have been carefully identified, reviewed, and allocated to confer special and individual benefits pursuant to the provisions of State Law and Proposition 218. These Services are tailored to confer special benefits on particular parcels, not the general public, and are above and beyond services available from the City of Los Angeles, which qualifies these Services as particular and distinct benefits. For example, the proposed landscaping, sanitation, and beautification program provides sidewalk cleaning, street sweeping, pressure washing, trash removal, graffiti removal, sticker removal, and cleaning at the properties that are assessed. Parcels that receive these services are more attractive to customers, employees, tenants, students, and investors and therefore can function more effectively. These benefits are particular and distinct in that they are not provided to non-assessed parcels outside of the District. Similarly, the proposed marketing and promotions program provides street banners, signage, public right of way clock maintenance, holiday decorations, a website, a newsletter for property owners, branding graphics and advertising, placement of promotional materials in various media, and brochure preparation that target tenants, employees, students, investors, and owners either individually or as combined sub-groups to communicate the desirability of commercial merchandise or services provided on assessed parcels thereby increasing economic activity including sales, customer traffic, property values, and space rentals to those parcels. Such District marketing and promotions services will not benefit publically owned parcels because they address commercial economic uses and not school or parks uses and therefore do not benefit them. The District will not market or promote public school attendance. Nor will it market or promote use of public parks. The benefits to assessed District parcels are particular and distinct because non-assessed parcels or residentially zoned uses will not be the subject of any District activities. No District services will be provided outside the District boundaries. The special and individual benefit to each parcel from the proposed Services is proportionate to the total amount of

the proposed assessment. Each individual assessed parcel's assessment is no greater than the special and individual benefit it receives from the Services. A quantitative analysis of the special and general benefits is presented below.

In 2013, as a component in the preparation of the original Engineer's Report initially forming the BLQ Pico District, Dr. William Whitney, a Ph.D. Economist with over 40 years experience in analytical modeling was engaged to develop a methodology to quantify special as opposed to general benefits associated with District Services. His work produced a survey that counted the number of individuals engaging in any type of commerce or residing in the District, and thus receiving special benefits of District Services; and, those not so engaged, and thus generally benefitting from District Services. In addition, Whitney's survey methodology provided a means of calculating the likelihood that its responses were an accurate reflection of the District's total population.

On February 28 and March 2, 2013 the Whitney survey was administered to pedestrians intercepted at separate random locations throughout the District. The survey asked respondents if they were engaged in any type of commercial activity (i.e. patronizing an eating establishment, shopping, visiting a professional or personal service business, or attending church or a school); or, lived within the District boundaries. A map of the proposed District was available. Every effort was made to include an unbiased cross section of participants. The survey included 565 initial respondents. Of those initial respondents, 19 were deemed to be invalid either because they did not respond to all of the questions or answered a single question twice and were not included in the final sample of 546 used to draw conclusions. Of those 546 valid survey responses, 95.42% indicated that they had or intend to engage in at least one of the described commercial activities within the District as opposed to simply "stroll, walk around, or make a transit connection" (i.e. just pass through the District) with no business purpose.

The survey also found that of the 546 respondents, 97.99% indicated that at least one of the District Services contributed to their decision to come into the area by responding that "cleanliness, like extra trash pick-up, steam cleaning, and graffiti removal" were "very important" or "somewhat important" or that "marketing and promotions like street light banners, flags, or bright signs" were "very important" or "somewhat important." This response is a measure of the high level of special benefit that assessed parcels receive from District Services.

Based upon the survey sample size of 546, Dr. Whitney calculated that this conclusion is 95.72% likely to represent the population as a whole and can therefore be relied upon. A copy of the final Whitney survey Response Summary from 2013 is available upon request.

In preparing this Engineer's Report in support of BLQ Pico PBID renewal, the Engineer has determined that no significant special benefit level changes within the District are likely to have occurred that would affect the results of the original Whitney survey in any substantive way. Moreover, based upon independent judgement and experience of over thirty (30) years in public works civil engineering and assessment district formation

work, the Engineer has concluded that each of the proposed District Services provides a special and individual benefit to the assessed parcels within the District.

The Services (landscaping, sanitation, beautification; marketing and promotions; policy development, management, and administration) to be provided by the District are designed to meet specific needs of the properties to improve business within the District area and provide special and individual benefits to each property. The District's purpose is to fund Services that provide a better kept, cleaner, and more beautiful environment with the goal of increasing pedestrian traffic that increases business levels; and, to perform marketing and promotions efforts that present a more attractive and vibrant area with the same goal. These Services, except for Marketing and Promotions services with respect to publically owned parcels as explained in this Engineer's Report, also make each individual parcel a more desirable place to live, work, or conduct business. These purposes are the clearly stated reasons for the property owners to create the District. All District Services are over and above any services provided by the City of Los Angeles and are not affected by them.

No parcels zoned for "solely residential" use have been assessed within the District because such parcels are presumed not to benefit pursuant to State Law.

General Benefit

As discussed above, Proposition 218 requires that general benefits be quantified and separated from special benefits and deducted from the costs of any special benefit parcel assessment. General benefit would be defined as: "an overall and similar benefit to real property within the District or to the public at large." General benefits resulting from District Services would be those that are not "particular and distinct" and not over and above the benefits that other parcels receive. The analysis below is based upon the Engineer's judgment and experience based upon 30 years of public works civil engineering and assessment district work, and will identify and quantify general benefits that are provided to parcels either outside or inside District boundaries. Also referenced below is the quantification of general benefits provided to the public at large as identified in the original 2013 Whitney pedestrian intercept survey particularly described in the "Special Benefits" section, above.

General Benefits to Parcels Outside the District

Services are provided to each individual assessed parcel within the District's boundaries, and no Services are provided outside of those boundaries. It is conceivable, however, to conclude that some parcels outside those boundaries may receive some "spillover benefit" from the District's Marketing and Promotions services, which are less site specific than the other Services. At most, the parcels that could receive such "spillover" general benefit would be those parcels that are located immediately adjacent to or immediately across the street from a parcel receiving District Marketing and Promotions services. Any parcel that is at least one parcel distant from another that receives these services; or, does not directly front on a street across from another that receives those

services is, in the Engineer's judgment and experience, based upon over 30 years of public works civil engineering and assessment district work, considered to be too remote to receive any "spillover" general benefit. Based upon these criteria, there are 22 commercial (retail, office, industrial, manufacturing) parcels, and 51 R4 parcels, a total of 73 parcels, that may receive what, in the Engineer's judgment and experience, would be a nominal benefit from District Marketing and Promotions services. There are also 187 solely residentially zoned parcels that meet the contiguous adjacency criteria that, pursuant to State Law, are presumed to not receive any special benefit from District services. In order to calculate the amount of any possible general benefit that these parcels receive, their relative budget size is determined as shown below:

Possible General Benefits to Parcels Outside District Boundaries
Benefit Factor Calculation

	Budget	% of Total	x	Relative Benefit*	=	Benefit Factor
District Marketing & Promotions Budget	\$4,000	2.3%		0.25		0.0057
Total District Budget	\$174,290					
*For purposes of this analysis, a conservative 25% relative benefit factor is used to weight the relative value of any general benefit "spillover" from District services to parcels outside its boundaries.						

The Benefit Factor is calculated by multiplying the Percent (%) of Total Budget for the "spillover" category by the Relative Benefit to produce a Benefit Factor. Each of the 73 parcels that might receive nominal general benefits from the District's Marketing and Promotions services is credited with 0.012 Benefit Factor to account for this possibility. In comparison, there are 237 parcels within the District that each receives a Benefit Factor of 1.0 for these services. This comparison and the calculation of maximum conceivable total general benefit to parcels outside the District for "spillover" Marketing and Promotions services is shown below in the following chart:

Calculation of Possible Benefits to Parcels Outside District Boundaries

	# Parcels	Benefit Factor	Total Benefit Units
# Parcels in District	237	1.00	237.00
# Parcels w/ "Spillover"	73	0.0057	0.42
Totals	312		237.42
General Benefit to Parcels Outside District			0.18% (0.42/237.42)

General Benefits to the Public At Large (or to Parcels within the District)

Another type of general benefit is that provided to the public at large or to parcels within the District. Such general benefit is provided to people that are within the District boundaries or to parcels that do not receive special benefit. In the Engineer's judgment and experience based upon over 30 years of public works civil engineering and assessment district work, there are no general benefits to the public at large outside of the District boundaries.

The 2013 pedestrian intercept survey conducted in connection with the initial formation of the BLQ Pico PBID, which is particularly described in the "Special Benefit" section above, provided data to quantify the general benefits enjoyed by the public at large inside District boundaries. It provided information that was 95.72% likely to represent the population of those people that were within District boundaries and that did not pay an assessment or were not specially benefitted by its services. It found that 4.58% of those people in the District "generally benefitted" because those individuals were either "very likely" or "likely" to "stroll or walk around or make a transit connection" **and** "not likely at all" to "eat or drink at a restaurant, cafe, or bar;" "shop;" "conduct professional business;" "conduct personal business;" "attend church;" or "attend school." These benefits are distinct from the special benefits to parcels within the District.

In preparing this Engineer's Report in support of BLQ Pico PBID renewal, the Engineer has determined that no significant changes within the District have occurred that would affect the results of the original survey in any substantive way. Moreover, based upon independent judgement and experience of over 30 years in public works civil engineering and assessment district formation work, the Engineer has concluded that a 5% "general benefit" level is reasonable and appropriate for the BLQ Pico PBID.

Total General Benefits

Considering both types of general benefits as presented above produces the following:

BLQ-Pico General Benefits Analysis

General Benefits to Parcels Outside District	0.18%
General Benefits to Public at Large	4.58%
Total General Benefits (Calculated)	4.76%
Rounded to...	5.0%

In order to present a conservative conclusion, it is the Engineer's judgment and experience, based upon over 30 years of public works civil engineering and assessment district work, that the level of general benefits to be funded in the BLQ-Pico budget from non-assessment sources should be 5.0%. The BLQ-Pico budget for the 10-year term beginning January 1, 2019 would be as follows:

BLQ-Pico Budget for Special Benefit vs General Benefit Costs

Year	Special Benefit	General Benefit	Total Budget
2019	\$174,290	\$9,174	\$183,464
2020	\$183,005	\$9,632	\$192,637
2021	\$192,155	\$10,113	\$202,268
2022	\$201,763	\$10,619	\$212,382
2023	\$211,850	\$11,152	\$223,002
2024	\$222,443	\$11,709	\$234,152
2025	\$233,565	\$12,293	\$245,858
2026	\$245,243	\$12,907	\$258,150
2027	\$257,506	\$13,551	\$271,057
2028	\$270,380	\$14,305	\$284,685
Totals	\$2,192,200	\$115,455	\$2,307,655

Finding 3: “[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.” (From Section 4(a)).

Each and every assessed parcel in the District, except publically owned parcels used as parks and school sites, will benefit from the Services provided in connection with the District because these Services are designed to increase pedestrian and automobile traffic and building occupancies thereby increasing demand for and utilization of all assessed commercial, residential, and church and institutional property within the District. Such publically owned parcels will benefit from District Landscaping, Sanitation, and Beautification services and the portion of District Policy Development, Management, and Administration services required to provides those services. These publically owned parcels will not benefit from Marketing and Promotions services and will not be assessed for them or the portion Policy Development, Management, and Administration costs attendant to them. The Services are intended to transform the District into a vibrant, extended-hour commercial community.

Three (3) factors (lot size, improvement size, and street frontage) were chosen to calculate the special benefit allocable to each parcel in the District.

Lot size is a measurement both of the potential for future development on a parcel to meet customer and tenant demand, and of the present capacity of the parcel's street level areas to accommodate customers and tenants. Street level space benefits strongly from business improvement district Services because such space is more readily used for retail space, office space, lobby services, and surface parking facilities that are especially sensitive to increases in customer demand.

The size of the improvements on a parcel is a measurement of the capacity of that parcel to currently serve the demand of customers and of retail, office, commercial, residential, church and non-profit, and publically owned parcels.

Frontage is a vital measure because it indicates the amount of the parcel that is directly accessible to and visible from the street. The more frontage a parcel has, the larger the area of sidewalk is in front of the parcel to be landscaped, cleaned, or beautified in connection with District Services.

It is the Engineer's opinion that combining these three (3) factors gives a far better picture of the benefits than could be derived from just one or two of the factors alone; and, that because no one of these factors is more important than the others, and each factor is critical to the overall benefit calculation, each factor is weighted equally in quantifying the benefits any particular parcel would receive.

The Special Benefit & Assessment Analysis section of this Engineer's Report discusses the exact formula used to calculate the benefits.

Finding 4: "No assessment ...shall exceed the reasonable cost of the proportional special benefit conferred on parcel(s)." (From Section 4(a)).

The total amount to be assessed will not exceed the estimated reasonable cost of the program. Because each parcel will be assessed in proportion to its share of the total special benefit created by the program, no assessment will exceed the reasonable cost of the proportional special benefit conferred on the parcel.

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

Parcels owned by public agencies will specially and individually benefit from District Landscaping, Beautification, and Sanitation services and for that portion of District Policy Development, Management, and Administration services required to provide them, and will be assessed at the same rate as private parcels of the same size, location and use on the basis of their relative land and improvement size and length of street frontage as set forth in this Engineer's Report. This includes the parcels in the District that are owned by the City of Los Angeles and Los Angeles Unified School District (LAUSD). These benefits are described below. Such public use parcels will not, however, benefit from District Marketing and Promotions services and will not be assessed for them, as also described below.

- Landscaping, Sanitation, and Beautification services include sidewalk cleaning, street and public alley cleaning, sidewalk pressure washing, graffiti removal, sticker removal, trash removal, and landscaping at the properties that are assessed. The impact of these services upon individually assessed District parcels is that they enhance the parcels' ability to attract users or students thereby increasing the numbers of users or students, which increases the parcels' accomplishment of its service mission. This benefit to assessed District parcels is particular and distinct because non-assessed parcels outside the District do not receive them. This standard is greater than would exist with only City baseline services.
- Marketing and Promotions services include street medallions, street banners, signage, public right of way clock maintenance, holiday decorations, a website, a newsletter for property owners, branding graphics and advertising, placement of promotional materials in various media, none of which will benefit publically owned parcels because they are addressed to commercial economic uses not public school or public parks users and therefore do not benefit them. The District will not market or promote public school attendance. Nor will it market or promote use of public parks. Consequently, publically owned parcels in the District will not be assessed for Marketing and Promotions costs.
- The District's Policy Development, Management, and Administration services including possible District renewal provide for the efficient and effective functioning of the Landscaping, Sanitation, and Beautification services that specially benefit these publically owned parcels. These services include District vendor selection and management, property owner communications, advocacy of property interests, effective Owner's Association coordination, and sound fiscal management. The impact of these services upon assessed District parcels is that they improve the effectiveness and efficiency of District Services, which benefits the owner's achievement of its service mission. This standard is greater than would exist with only City baseline services.

This special benefit to assessed District parcels is particular and distinct because non-assessed parcels do not receive them. This standard is greater than would exist with only City baseline services.

The publicly-owned parcels in the District are listed below:

CITY OF LOS ANGELES PARCELS (CITY)

	APN #	Address	Owner	PBID Assessment	% of Total
1	5076-019-903	Park	City	\$408.17	0.23%
2	5076-019-902	Park	City	\$410.69	0.24%
3	5075-014-900	Park	City	\$3,077.40	1.77%
		Total City		\$3,896.26	2.24%

LOS ANGELES UNIFIED SCHOOL DISTRICT (LAUSD)

	APN #	Address	Owner	PBID Assessment	% of Total
1	5080-019-923	School Site	LAUSD	\$329.23	0.19%
2	5080-019-922	School Site	LAUSD	\$163.93	0.09%
3	5080-019-921	School Site	LAUSD	\$517.36	0.30%
4	5080-019-919	School Site	LAUSD	\$163.82	0.09%
5	5080-012-905	School Site	LAUSD	\$589.39	0.34%
6	5080-012-903	School Site	LAUSD	\$214.88	0.12%
		Total LAUSD		\$1,978.61	1.13%

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

This report is the “detailed engineer’s report” to support the assessments proposed to be levied within the renewed BLQ-PICO Business Improvement District.

Special Benefit & Assessment Analysis

A six (6)-step process for determining BLQ-PICO PBID assessments has been used as delineated below.

Step 1: Select “benefit units.”

Because the assessment against each parcel must reflect the special benefit that parcel derives from the District's Services, the first step in designing an assessment methodology was to assign "benefit units" to different parcel attributes. The assignment of benefit units reflects the relative levels of benefit discussed in "Finding 3", above.

There are three types of benefit units:

A. Lot Benefit Units:

Each parcel in the District was allocated one Lot Benefit Unit for each square foot of the parcel’s surface area.

B. Improvement Benefit Units:

Each parcel fronting in the District was allocated one Improvement Benefit Unit for each square foot of non-residential improvements.

C. Frontage Benefit Units:

Each parcel in the District was allocated one Frontage Benefit Unit for each linear foot of the parcel's frontage on any of the following streets: Pico Boulevard, Venice Boulevard, 15th Street, and Normandie Avenue. All parcels that front the above listed streets will be provided with District services along other street frontage that is directly across from street frontage that is in the District and no other frontage. Therefore, District services will be provided on sections of Albany Street, Valencia Street, Toberman Street, Union Avenue, Constance Street, Burlington Avenue, Bonnie Brae Street, Alvarado Terrace, Westlake Avenue, Alvarado Street, Lake Street, Hoover Street, Arapahoe Street, Magnolia Avenue, Elden Avenue, Orchard Avenue, Westmoreland Avenue, Menlo Avenue, Vermont Avenue, New Hampshire Avenue, Berendo Street, Catalina Street, Dewey Avenue, Kenmore Avenue, Fedora Street, Mariposa Avenue, Irolo Street, Ardmore Street, Kingsley Street, Harvard Boulevard, Hobart Boulevard, Serrano Avenue, and Oxford Avenue, each of which are cross streets to Pico Boulevard.

Step 2: Calculate the benefit units for each property.

The number of each type of benefit unit allocated to each identified benefiting parcel within the BLQ-PICO area was determined from data obtained from the County of Los Angeles and third party real estate data service providers. These data sources provide Assessor Parcel Numbers, ownership, address, parcel size, gross building size, street front footage, and other needed information. This data provides a basis for calculating property-based assessments. All relevant data being used in assessment calculations has been provided, or attempted to be provided, to each property owner in the District for their review. All known or reported discrepancies or errors have been corrected.

Step 3: Quantify total basic benefit units.

In aggregate, there are 4,088,936 Lot Benefit Units; 2,347,691 Improvement Benefit Units; and, 41,342 Frontage Benefit Units.

Step 4: Calculate "Basic Benefit Unit Cost" for special benefits.

The total cost of all District special assessment Services in the first year of operation will be \$174,290; \$58,097 of these costs will be allocated based on Lot Benefit Units; \$58,097 based on Improvement Benefit Units; and \$58,097 based on Frontage Benefit Units. District budget cost estimates have been established based upon the following factors: (i) historical costs of similar Services provided in other business improvement district organizations and municipal agencies in the Greater Los Angeles area; (ii) estimates of anticipated market place costs for needed goods and Services; and, (iii) analysis of the Services, the optional frequency with which they are provided, and the impact of District geography upon them as required to efficiently and effectively achieve the desired results of its formation. These factors also established the relative size of the budget for each benefit zone.

The cost per benefit unit is therefore as follows:

A. Lot Benefit Units:

$\$58,097 / 4,088,936 = \0.0142 per Lot Benefit Unit.

B. Improvement Benefit Units:

$\$58,097 / 2,347,691 = \0.0247 Improvement Benefit Unit.

C. Frontage Benefit Units:

$\$58,097 / 41,342 = \1.4053 per Frontage Benefit Unit.

Step 5: Determine Assessment Formula.

Combining the calculations from Steps 1 through 4, the assessment formula is therefore:

District assessment formula = ($\$0.0142 \times$ square feet of parcel size) + ($\$0.0247 \times$ square feet of improvement size) + ($\$1.4053 \times$ linear feet of frontage).

Step 6. Spread the Assessments

The resultant assessment spread calculations for each parcel within the District are shown in an attachment to this Engineer's Report and were determined by applying the District assessment formula to each specially benefiting property. This list of all identified specially benefiting parcels in the District area delineates each parcel and its special benefit units for parcel area, improvement size, and linear street frontage.

During the ten-year effective term of the renewed District, it is likely that some parcels within the District will be developed with additional commercial improvements or will see the demolition of existing improvements. The assessment against such parcels shall be recalculated beginning with the assessment for the first year following the construction or demolition of improvements. The new assessment against such a parcel shall be calculated pursuant to the formula set forth in Step 5 on Page ER-24. Pursuant to Government Code Section 53750(h)(3), such recalculation does not constitute an "increase" of assessment that requires the conduct of a new Proposition 218 ballot proceeding. Such a proceeding will be required if the assessment formula is itself changed.

Assessment rates may be adjusted annually by the Owner's Association Board of Directors and submitted to the City of Los Angeles with the District's Annual Planning Report in accordance with Streets and Highways Code Section 36650 to reflect changes in the Consumer Price Index for Los Angeles-Orange-Riverside for All Urban Consumers, but this adjustment will not exceed five per cent (5%) per fiscal year.

ATTACHMENT 1
BLQ-PICO PBID PROPERTY INFORMATION
and
ASSESSMENTS BEGINNING JANUARY 1, 2019

BLQ-PICO PBID AREA PROPERTY INFORMATION AND ASSESSMENTS FOR 2019

APN	PROPERTY OWNER	LOT AREA SF	LOT AREA BENEFIT UNITS	LOT AREA ASSESSMENT	IMPT AREA SF	IMP AREA BENEFIT UNITS	IMP AREA ASSESSMENT	PICO FRT FT	OTHER STREET FRT FT	FRT FT BENEFIT UNITS	FRT FT ASSESSMENT	TOTAL ASSESSMENT 2019	% of Total	
206	5074001024	PINE SOL J Y PROPERTY LLC	15,520	15,520	\$220.51	14,676	14,676	\$363.18	123	0	123	\$172.85	\$756.54	0.43%
207	5074001011	YI CHAE P AND	4,193	4,193	\$59.58	7,360	7,360	\$182.13	46	91	137	\$192.52	\$434.23	0.25%
208	5074001010	Hwa Chong Yi	5,968	5,968	\$84.79	3,008	3,008	\$74.44	47	0	47	\$66.05	\$225.28	0.13%
209	5074001009	CHAE PONG YI	5,956	5,956	\$84.62	2,350	2,350	\$58.15	47	0	47	\$66.05	\$208.83	0.12%
210	5074001008	CHAE PONG YI	5,654	5,654	\$80.33	1,600	1,600	\$39.59	45	0	45	\$63.24	\$183.16	0.11%
211	5074001007	KIM YONG Y AND	6,209	6,209	\$88.22	0	0	\$0.00	49	0	49	\$68.86	\$157.08	0.09%
212	5074001006	XU SHENG LE	3,105	3,105	\$44.12	2,230	2,230	\$55.18	25	0	25	\$35.13	\$134.43	0.08%
213	5074001003	ARIAN JACK TRUST JACK AND SYLVIA ARIAN TRUST	6,208	6,208	\$86.20	5,860	5,860	\$145.51	49	0	49	\$68.86	\$302.57	0.17%
214	5074001002	ARIAN JACK TRUST JACK AND SYLVIA ARIAN TRUST	6,207	6,207	\$88.19	8,262	8,262	\$204.45	49	0	49	\$68.86	\$361.50	0.21%
215	5074001001	ARIAN JACK TRUST JACK AND SYLVIA ARIAN TRUST	11,147	11,147	\$158.38	9,706	9,706	\$240.19	88	127	215	\$302.13	\$700.70	0.40%
216	5056008022	VIGIL CELAURO AND JUANA M TRUST CELAURO AND JUANA	6,093	6,093	\$86.57	5,692	5,692	\$140.86	50	0	50	\$70.26	\$297.89	0.17%
217	5056008012	MORA MATURIN	12,689	12,689	\$180.29	21,325	21,325	\$527.71	100	127	227	\$319.00	\$1,027.00	0.59%
218	5056008001	CAUDILLO ELYSSA TRUST CAUDILLO FAMILY TRUST	10,561	10,561	\$150.05	5,330	5,330	\$131.90	122	86	208	\$292.30	\$574.25	0.33%
219	5056007023	DIVINE HOTELS GROUP	20,444	20,444	\$290.47	9,627	9,627	\$238.23	124	165	289	\$406.12	\$934.83	0.54%
220	5056007003	DIVINE HOTELS GROUP	3,900	3,900	\$55.41	0	0	\$0.00	30	0	30	\$42.16	\$97.57	0.06%
221	5056007002	DIVINE HOTELS GROUP	4,030	4,030	\$57.26	0	0	\$0.00	31	0	31	\$43.58	\$100.82	0.06%
222	5056007001	CETINA ORLANDO SR COTR CETINA FAMILY TRUST	7,625	7,625	\$108.34	4,963	4,963	\$122.82	61	125	186	\$261.38	\$482.53	0.28%
223	5056004025	MIRTORABI LILJ TRUST SAMANI MIRTORABI FAMILY TRUST	12,453	12,453	\$176.94	27,959	27,959	\$691.88	88	130	218	\$306.35	\$1,175.17	0.67%
224	5056004024	CETINA ORLANDO A SR COMPANY TRUST CETINA FAMILY T	13,997	13,997	\$198.87	6,758	6,758	\$167.24	98	132	230	\$323.21	\$689.32	0.40%
225	5056004021	CETINA ORLANDO SR AND MARTHA TRUST CETINA FAMILY	41,100	41,100	\$583.96	17,940	17,940	\$443.95	300	0	300	\$421.58	\$1,449.49	0.83%
226	5056004004	KEY HOLDINGS GROUP LLC	7,002	7,002	\$99.49	9,408	9,408	\$232.81	50	0	50	\$70.26	\$402.56	0.23%
227	5056004003	HYUN SUNG HI	6,999	6,999	\$99.44	7,770	7,770	\$192.28	50	0	50	\$70.26	\$361.99	0.21%
228	5056003027	CITY REAL ESTATE INVESTMENTS LLC	19,958	19,958	\$283.57	38,938	38,938	\$963.57	143	280	423	\$594.43	\$1,841.57	1.06%
229	5056002042	PICWEST LLC	13,471	13,471	\$191.40	242	242	\$55.99	91	137	228	\$320.40	\$517.78	0.30%
230	5056002040	SONG JIN O	7,173	7,173	\$101.82	5,715	5,715	\$141.43	48	0	48	\$67.45	\$310.79	0.18%
231	5056002021	BAY CITIES DISCOUNT KITCHEN AND APPLIANCES INC	13,223	13,223	\$187.88	19,890	19,890	\$492.20	93	132	225	\$316.19	\$996.27	0.57%
232	5056002020	BAY CITIES DISCOUNT KITCHEN AND APPLIANCES INC	6,667	6,667	\$94.73	0	0	\$0.00	49	0	49	\$68.86	\$163.58	0.09%
233	5056001055	MOSHFEGH ESHAN OLLA COMPANY TRUST MOSHFEGH FA	6,811	6,811	\$96.77	4,010	4,010	\$99.23	49	0	49	\$68.86	\$284.86	0.15%
234	5056001004	1300 SOUTH VERMONT LLC	12,226	12,226	\$173.71	17,568	17,568	\$434.74	88	140	228	\$320.40	\$928.85	0.53%
235	5056001002	DIXON HEWITT AND DORIS	6,812	6,812	\$96.79	1,811	1,811	\$44.82	49	0	49	\$68.86	\$210.46	0.12%
236	5056001001	RUBIN IDA TRUST IDA RUBIN TRUST	13,628	13,628	\$193.63	9,760	9,760	\$241.52	97	140	237	\$333.05	\$766.20	0.44%
Zone 1 Sub Totals		4,100,903	4,088,936	\$58,097	2,347,691	2,347,691	\$58,097	18,330	23,012	41,342	\$58,097	\$174,290	100.00%	

	Total Budget™ \$174,290	Assessment Totals	Ass't Rates
33%	Lot Area Factor = Zone 1 Lot Area SF Rate	\$58,097	\$0.0142
33%	Improvement Area Factor = Zone 1 Improvement Area SF Rate	\$58,097	\$0.0247
33%	Street Frontage Factor Zone 1 Street Frontage SF Rate	\$58,097	\$1.4053