

**OLD GRANADA VILLAGE
BUSINESS IMPROVEMENT DISTRICT**

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

RENEWED

**DISTRICT
ASSESSMENT ENGINEER'S
REPORT**

ATTACHMENT A

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

June 5, 2015

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The Old Granada Village Business Improvement District – Assessment Engineer’s Report

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 Old Granada Village Business Improvement District ("OGV BID") being renewed for a five (5) year term will receive a special benefit over and above the benefits conferred on the public at large and that the amount of the proposed assessment is proportional to, and no greater than the benefits conferred on each respective property.

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



Edward V. Henning RPE #26549 June 5, 2015
Edward V. Henning Date

(NOT VALID WITHOUT SIGNATURE AND CERTIFICATION SEAL HERE)

Introduction

This report serves as the “detailed engineer’s report” required by Article XIID Section 4(b) of the California Constitution (Proposition 218) to support the benefit property assessments proposed to be levied within the OGV BID in the City of Los Angeles, California being renewed for a five (5) year term. The discussion and analysis contained within this Report constitutes the required “nexus” of rationale between assessment amounts levied and special benefits derived by properties within the OGV BID.

The Old Granada Village Business Improvement District – Assessment Engineer’s Report

Background

The OGV BID is a property-based benefit assessment type district being renewed for a five (5) year term 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 property and business improvement district (“BID”), district program costs are to be distributed amongst all identified benefiting properties based on the proportional amount of special program benefit each property is expected to derive from the assessments levied. Within the Act, frequent references are made to the concept of relative “benefit” received from BID programs and activities versus amount of assessment paid. Only those properties expected to derive special benefits from BID funded programs and activities may be assessed and only in an amount proportional to the relative special benefits expected to be received.

Supplemental Procedures and Requirements
(Article XIID Section 4(b) of the California Constitution)

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 OGV BID. These requirements are in addition to requirements imposed by State and local assessment enabling laws. These requirements were “chaptered” into law as Article XIID Section 4(b) of the California Constitution.

Article XIID Section 4(b) of the California Constitution (Proposition 218) provisions will affect all subsequent calculations to be made in the assessment formula determination for the OGV BID. The key provisions of Article XIID Section 4(b) of the California Constitution along with a description of how the OGV BID complies with each of these provisions are delineated below.

(Note: All section references below pertain to Article XIII Section 4(b) 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 103 parcels within the renewed OGV BID, of which 100 are “identified” as assessable parcels that will derive special benefit from the proposed District programs and activities. The three non-assessable parcels (APN 2712-030-002, 2712-030-003 and 2733-006-024) are zoned R-2 and according the State PBID Law (California Streets and Highways Code Section 36632(c): “Properties zoned solely for residential use... are conclusively presumed not to benefit from the improvements and service funded through these assessments, and shall not be subject to any assessment pursuant to this part.” Thus, no assessments will be levied on these three residential zoned parcels nor will BID funded special benefit programs, services or improvements be directly provided to them nor shall BID funded special benefits be conferred upon them.

The Old Granada Village Business Improvement District – Assessment Engineer’s Report

In addition, two parcels within Zone 2 have partial commercial and residential zoning designations (APN 2712-028-026 and 2733-009-022). While these entire parcels are included in the District, only the commercial zoned portions shall be assessed and shall be provided with direct BID funded services and upon which special benefits shall be conferred. The residential zoned portions of these parcels shall not be assessed nor shall they be provided with any direct BID funded services nor shall special benefits be conferred on these portions.

The benefits conferred on the 100 identified assessed parcels from BID funded programs, services and improvements (i.e. image enhancement, marketing, streetscape services and administration) are special and unique and only provided to the identified parcels within the District. These identified benefiting parcels are located within the BID perimeter boundary which is shown on the Boundary Map attached as Appendix 2 to this Report and are listed as Appendix 1 to this Report - identified by assessor parcel number. Any future development and/or land subdivisions will adhere to the assessment rate structures described herein. There are three benefit zones within the renewed District.

General Setting

The OGV BID is located in the central business district of the community of Granada Hills, a suburb in the northwest area of the San Fernando Valley, City of Los Angeles. This business district is historically known as Old Granada Village. The boundaries of the district have been determined based on the concentrated commercially zoned, retail-related properties in the heart of Old Granada Village. The District is generally bounded on all sides by residentially zoned neighborhoods. The OGV BID boundaries are more specifically described as follows:

Boundary Description

Beginning at the northeast corner of the intersection of Lindley Avenue and Kingsbury Street; thence east along the north side of Kingsbury Street to the northwest corner of the intersection of Kingsbury Street and Zelzah Avenue; thence north along the west side of Zelzah Avenue to the westerly prolongation of the south side of Parcel 2733-003-032; thence east along the south side of Parcel 2733-003-032 and its westerly prolongation to the southeast corner of Parcel 2733-003-032; thence north along the east side of Parcel 2733-003-032 and its northerly prolongation to the north side of Kingsbury Street; thence east along the north side of Kingsbury Street to the southeast corner of Parcel 2733-005-018; thence north along the east side of Parcel 2733-005-018 and its northerly prolongation to the south side of the Parcels fronting the south side of Chatsworth Street; thence east along the south side of the Parcels fronting the south side of Chatsworth Street to the northerly prolongation of the west side of Parcel 2733-005-027; thence south along the west side of Parcel 2733-005-027 and its northerly prolongation to the southwest corner of said Parcel; thence east along the south side of Parcel 2733-005-027 and its easterly prolongation to the east side of Yarmouth Avenue; thence south along the east side of Yarmouth Avenue to the southwest corner of Parcel 2733-006-024; thence east along the south side of Parcel 2733-006-024 to the southeast corner of said Parcel; thence north along the east side of Parcel 2733-006-024 and its northerly prolongation to the south side of the Parcels fronting the south side of Chatsworth Street; thence east along the south side of the Parcels fronting the south side of Chatsworth Street to the northerly prolongation of the west side of Parcel 2733-

The Old Granada Village Business Improvement District – Assessment Engineer’s Report

006-012; thence south along the west side of Parcel 2733-006-012 and its northerly prolongation to the north side of Kingsbury Street; thence east along the north side of Kingsbury Street to the southeast corner of Parcel 2733-009-022; thence north along the east side of Parcel 2733-009-022 and its northerly prolongation to the south side of the Parcels fronting the south side of Chatsworth Street; thence east along the south side of the Parcels fronting the south side of Chatsworth Street and its easterly prolongation to the east side of Shoshone Street; thence south along the east side of Shoshone Street to the southwest corner of Parcel 2733-018-031; thence east along the south side of Parcel 2733-018-031 to the southeast corner of said Parcel; thence north along the east side of Parcel 2733-018-031 and its northerly prolongation to the south side of the Parcels fronting the south side of Chatsworth Street; thence east along the south side of the Parcels fronting the south side of Chatsworth Street to the west side of Encino Avenue; thence north along the west side of Encino Avenue to the north side of the Parcels fronting the north side of Chatsworth Street; thence west along the north side of the Parcels fronting the north side of Chatsworth Street to the southerly prolongation of the east side of Parcel 2712-028-026; thence north along the east side of Parcel 2712-028-026 and its southerly prolongation to the south side of Los Alimos Street; thence west along the south side of Los Alimos Street to the northwest corner of Parcel 2712-029-025; thence south along the west side of Parcel 2712-029-025 and its southerly prolongation to the north side of the Parcels fronting the north side of Chatsworth Street; thence west along the north side of the Parcels fronting the north side of Chatsworth Street to the southerly prolongation of the east side of Parcel 2712-030-002; thence north along the east side of Parcel 2712-030-002 and its southerly prolongation to the northeast corner of said Parcel; thence west along the north side of Parcel 2712-030-002 and its westerly prolongation to the west side of Zelzah Avenue; thence north along the west side of Zelzah Avenue to its intersection with the westerly prolongation of the north side of Los Alimos Street; thence east along the north side of Los Alimos Street and its westerly prolongation to the southeast corner of Parcel 2712-021-026; thence north along the east side of Parcel 2712-021-026 to the northeast corner of said Parcel; thence west along the north side of Parcel 2712-021-026 and its westerly prolongation to the west side of Zelzah Avenue; thence north along the west side of Zelzah Avenue to the northeast corner of Parcel 2715-025-055; thence west along the north side of Parcel 2715-025-055 to the east side of Lindley Avenue; thence south along the east side of Lindley Avenue to its intersection with the easterly prolongation of the north side of Parcel 2715-012-041; thence west along the north side of Parcel 2715-012-041 and its easterly prolongation to the east side of Aliso Creek; thence southerly along the east side of Aliso Creek to the north side of Chatsworth Street; thence east along the north side of Chatsworth Street to the northeast corner of the intersection of Chatsworth Street and Lindley Avenue; thence south along the east side of Lindley Avenue to the point of beginning.

District Boundary Rationale

Northern Boundary: The northern boundary of the Old Granada Village Business Improvement District was determined by zoning and land uses where properties located to the north of the northern District boundary are zoned solely residential with residential land uses while those south of the northern boundary are generally zoned commercial with commercial land uses. State of California Streets and Highways Code Section 36632(c) conclusively presumes that properties zoned solely residential do not benefit from the improvements and service funded through BID assessments, cannot be assessed and, thus, generally are not included in the District. In order to ensure that parcels north of the northern boundary will not specially benefit from BID funded services and improvements, no BID services and improvements will

The Old Granada Village Business Improvement District – Assessment Engineer’s Report

be provided north of the various northern boundary segments, only south of the northern boundary within the OGV BID boundaries.

Eastern Boundary: The properties located to the east of the District boundaries are a mix of residential zoning, including higher density duplex, quad-plex and larger multi-family buildings, as well as a limited number of non-retail and non-traditional quasi-retail related businesses all of which lack “storefronts” and thus are outside of the purpose and target of this BID, which is to serve commercial zoned parcels and businesses. The parcels west of Encino Avenue within the BID boundaries are 100% zoned commercial whereas, the parcels east of Encino Avenue are mixed residential and commercial zoning which do not share the same needs as the commercial parcels within the District boundaries. The limited number of commercially zoned properties east of Encino does not cohesively or densely extend commercial zoned parcels more than a partial block, making Encino Avenue a natural and reasonable eastern boundary for the BID. In order to ensure that parcels east of the eastern boundary will not specially benefit from BID funded services and improvements, no BID services and improvements will be provided east of the centerline of Encino Avenue, only west of said centerline within the OGV BID boundaries.

Southern Boundary: The southern boundary of the Old Granada Village Business Improvement District was determined by zoning and land uses where properties located to the south of the southern District boundary and east of Zelzah Avenue are zoned solely residential with residential land uses while those north of the southern boundary are generally zoned commercial with commercial land uses. State of California Streets and Highways Code Section 36632(c) conclusively presumes that properties zoned solely residential do not to benefit from the improvements and service funded through BID assessments, cannot be assessed and, thus, generally are not included in the District.

The property to the south of the District boundary and west of Zelzah Avenue is a charter high school, which is surrounded by a security fence and is self-maintained within its parcel boundary and would not benefit from the improvements and services funded through the BID assessments and, thus, is not included in the BID. In order to ensure that parcels south of the southern boundary will not specially benefit from BID funded services and improvements, no BID services and improvements will be provided south of the various southern boundary segments, only north of the southern boundary within the OGV BID boundaries.

Western Boundary: The western boundary of the Old Granada Village Business Improvement District was determined where the commercially zoned parcels end along Chatsworth. The majority, if not all, of parcels West of the boundary are zoned either agricultural or solely for residential purposes and as per State of California Streets and Highways Code Section 36632(c) are conclusively presumed not to benefit from the improvements and services funded through these assessments and, thus, are not included in the BID. In addition, the flood control channel at the western edge of the BID is a physical boundary that literally cuts off the commercial areas to the east and the residential areas to the west. Both the parcel zoning and the flood control channel make for a natural and practical western boundary to the BID. In order to ensure that parcels west of the western boundary will not specially benefit from BID funded services and improvements,

The Old Granada Village Business Improvement District – Assessment Engineer’s Report

no BID services and improvements will be provided west of the various western boundary segments, only east of the western boundary within the OGV BID boundaries.

Benefit Zones: There are three benefit zones in the BID.

- **Zone 1** is the core retail corridor of Old Granada Village and consists of commercially zoned properties fronting Chatsworth Street between Encino Avenue on the east and Zelzah Avenue on the west. Retail activity and pedestrian traffic is highest in this portion of the BID, and thus these parcels require the highest level of programmed and response BID services. (See chart on page 17 of this Report of BID services and frequencies). As a result, Zone 1 parcels will receive 100% of their proportionate special benefit from Zone 1 BID funded levels of services and will be assessed at the rate of \$0.158708601 per square foot of parcel land area as delineated in this Report. This rate and the resulting Zone 1 assessment revenue are reflected in the budget allocation of funds for Zone 1 and the corresponding proportionate special benefits conferred on Zone 1 parcels.

- **Zone 2** generally consists of the remaining commercially zoned parcels within the BID boundaries between Encino Avenue on the east and Zelzah Avenue on the west. It is noted that three parcels within Zone 2 are zoned solely residential (APN 2712-030-002, 2712-030-003 and 2733-006-024) and are included in the District, but are not assessed nor shall they be provided with any direct BID funded services nor shall special benefits be conferred on them. In addition, two parcels within Zone 2 have partial commercial and residential zoning designations (APN 2712-028-026 and 2733-009-022). While these entire parcels are included in the District, only the commercial zoned portions shall be assessed and shall be provided with direct BID funded services and upon which special benefits shall be conferred. The residential zoned portions of these parcels shall not be assessed nor shall they be provided with any direct BID funded services nor shall special benefits be conferred on these portions.

Zone 2 parcels have no Chatsworth Street frontage but have frontage along secondary streets in the BID including Zelzah Avenue, Yarmouth Avenue, White Oak Avenue and Shoshone Avenue. Zone 2 has less retail activity and pedestrian traffic than the Zone 1 parcels fronting Chatsworth Street and require lower levels of programmed and response service from the BID. (See chart on page 17 of this Report of BID services and frequencies). As a result, Zone 2 parcels will receive 100% of their proportionate special benefit from Zone 2 BID funded levels of services and will be assessed at the rate of \$0.079355545 per square foot of parcel land area as delineated in this Report. This rate and the resulting Zone 2 assessment revenue are reflected in the budget allocation of funds for Zone 2 and the corresponding proportionate special benefits conferred on Zone 2 parcels.

Zone 3 consists primarily of two major shopping centers located west of Zelzah Avenue. These large shopping centers provide landscape, day porter, sweeping and other services within their parcel boundaries for the benefit of their tenants and require little to no such services from the BID. The benefits and services that Zone 3 parcels

The Old Granada Village Business Improvement District – Assessment Engineer’s Report

receive from the BID are limited to administrative and marketing efforts, partial image enhancements (sidewalk benches and light poles/decorations) and minimal streetscape services (a few sidewalk trees along Zelzah). (See chart on page 17 of this Report of BID services and frequencies). As a result, Zone 3 parcels will receive 100% of their proportionate special benefit from Zone 3 BID funded levels of services and will be assessed at the rate of \$0.015855495 per square foot of parcel land area as delineated in this Report. This rate and the resulting Zone 3 assessment revenue are reflected in the budget allocation of funds for Zone 3 and the corresponding proportionate special benefits conferred on Zone 3 parcels.

The boundary of the proposed OGV BID and benefit zones and parcels within it are shown on the Boundary Map attached as Appendix 2 to this Report.

All identified parcels within the above-described boundaries shall be assessed to fund supplemental special benefit programs, services and improvements as outlined in this Plan and in the attached Engineer’s Report. Services, programs and improvements will only be provided to these assessed parcels inside the District boundaries and none will be provided outside of the District boundaries. Each assessed parcel within the OGV BID will proportionately specially benefit from the BID funded supplemental image enhancement, marketing, streetscape services and administration. These services are intended to improve commerce, employment, commercial rents and occupancy rates and investment return of parcels and businesses within the OGV BID by reducing litter and debris and professionally marketing goods and services available within the BID, all considered necessary in a competitive properly managed business district. All BID funded services and improvements are considered supplemental above normal base level services provided by the City of Los Angeles and are only provided for the special benefit of assessed parcels within the boundaries of the OGV BID.

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

QUANTITATIVE BENEFIT ANALYSIS

As stipulated by Article XIID Section 4(b) of the California Constitution, assessment District programs and activities 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 assessed properties. 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 BID that will receive special benefits from BID funded programs and services are currently a mix of industrial and commercial. Services, programs and improvements provided and funded by the BID are primarily designed to provide special benefits as described below to identified assessed parcels and the land

The Old Granada Village Business Improvement District – Assessment Engineer’s Report

uses within the boundaries of the District.

The proposed BID programs, improvements and services and proposed Year 1 – 2016 budget allocations are shown in the chart below. (See starting on page 13 for more detailed descriptions of proposed OGV BID programs and services and how each assessed parcel specially benefits):

Year 1 – 2016 District Special Benefit Cost Allocations (Assessment Revenue Only)

<u>YEAR 1 -2016</u>					
ACTIVITY	ZONE 1	ZONE 2	ZONE 3	TOTAL YR 1 - 2016	% of Total
Image Enhancement	\$24,710	\$4,622	\$7,468	\$36,800	28.4%
Marketing	\$7,252	\$1,356	\$2,192	\$10,800	8.3%
Streetscape Services	\$31,559	\$5,903	\$9,538	\$47,000	36.3%
Administration	\$23,440	\$4,385	\$7,084	\$34,909	27.0%
TOTAL	\$86,961	\$16,266	\$26,282	\$129,509	100.0%

Assessed commercial uses and parcels within the OGV BID that are provided with BID funded programs, services and improvements attract more commercial clients, employees, tenants and investors as a result of these programs, services and improvements, thereby increasing business volumes, sales transactions, commercial occupancies, commercial rental income and return on investments. These services improve commerce and aesthetic appeal for owners, patrons, visitors and employees of assessed parcels within the OGV BID by reducing litter and debris and professionally marketing goods and services available within the BID, all considered necessary in a competitive properly managed business district.

These benefits are particular and distinct to each and every assessed parcel within the OGV BID and are not provided to non-assessed parcels outside of the District. These programs, services and improvements will only be provided to each individual assessed parcel within the PBID boundaries and constitute "special benefits". The City of Los Angeles does not provide these programs and services.

In the case of the OGV BID, the very nature of the purpose of this District is to fund supplemental programs, improvements and services to assessed parcels within the BID boundaries above and beyond what is being currently funded either via normal tax supported methods or other funding sources. All benefits derived from the assessments to be levied on assessed parcels within the BID are for services, programs and improvements directly benefiting each individual assessed parcel within the BID. No BID funded services, activities or programs will be provided outside of the BID boundaries.

While every attempt is made to provide BID services and programs to confer benefits only to those identified assessed parcels within the BID, the California State Constitution was amended via Proposition 218 (Article XIID Section 4(b) of the California Constitution) to stipulate that general benefits exist, either by design or unintentional, in all assessment districts and that a portion of the program costs must be considered attributable to general benefits and assigned a value. General benefits cannot be funded by assessment revenues. General benefits might be conferred on parcels within the

The Old Granada Village Business Improvement District – Assessment Engineer’s Report

District, or “spillover” onto parcels surrounding the District, or to the public at large who might be passing through the District with no intention of transacting business within the District or interest in the District itself.

Empirical assessment engineering analysis throughout California has found that general benefits within a given business improvement district tend to range from 1-3% of the total costs. There are three methods that have been used by this Engineer for determining general and special benefit values within assessment districts:

- (1) The parcel by parcel allocation method
- (2) The program/activity line item allocation method, and
- (3) The composite district overlay determinant method.

A majority of PBIDs in California for which this Assessment Engineer has provided assessment engineering services since the enactment of Proposition 218 (Article XIID Section 4(b) of the California Constitution), have used Method #3, the composite district overlay determinant method which will be used for the OGV BID. This method of computing the value of general benefit involves a composite of three distinct types of general benefit – general benefit to assessed parcels within the District, general benefit to the public at large within the District and general benefit to parcels outside the District.

General Benefit – Assessed Parcels within District

BID funded programs are narrowly designed and carefully implemented to specially benefit the assessed District parcels and are only provided for the special benefit to each and every assessed parcel within the District. It is the opinion of this Engineer, based on over 30 years of professional assessment engineering experience, that 100% of benefits conferred on assessed parcels within the District are distinct and special and that there are 0% general benefits conferred on these parcels. This is because the BID funded programs and services are specially geared to the unique needs of each assessed parcel within the BID and are directed specially only to these assessed parcels within the BID. This concept is further reinforced by the proportionality of special benefits conferred on each assessed parcel within three distinct benefit zones within the District and as determined by the special benefit assessment formula as it is applied to the unique and varying property characteristics unique to each assessed parcel and each distinct benefit zone.

General Benefit - Public At Large

While the OGV BID funded programs are narrowly designed and carefully implemented to specially benefit the assessed District properties and are only provided for the special benefit to each and every assessed parcel within the District, these BID funded programs may also provide an incidental general benefit to the public at large within the District. Assessment Engineering experience in California has found that generally over 95% of people moving about within BID boundaries are engaged in business related to assessed parcels and businesses contained on them within the District, while the public at large “just passing through” is typically much less than 5%. Based on this experience curve, the focused nature of the proposed OGV BID funded programs, the pedestrian friendly retail-service nature of the OGV BID and over 30 years of assessment engineering experience, it is the opinion of this Engineer that a general benefit factor of 0.005 (0.5%) of BID

The Old Granada Village Business Improvement District – Assessment Engineer’s Report

funded special benefit program costs that might provide an immediate general benefit to the public at large will be applied to these applicable program costs in order to compute the dollar and percent value of general benefits to the public at large. It is the opinion of this Engineer that the programs that may provide immediate general benefits to the public at large are Streetscape Services. The dollar value of this general benefit type equates to \$85 as delineated in the chart below.

	A	B	C	D	E
Program Element	Dollar Allocation	% Allocation of Special Benefit Cost	General Benefit Factor	General Benefit Percent (B x C)	General Benefit Value
Streetscape Services	\$47,000	36.3%	0.005	0.18%	\$85

General Benefits – Outside Parcels

While District programs and services will not be provided directly to parcels outside the District boundaries, it is reasonable to conclude that District services may confer an indirect general benefit on parcels immediately adjacent to the District boundaries. An inventory of the District boundaries finds that the District is surrounded by only 3 general commercial zoned and used parcels. All remaining parcels adjacent to the BID perimeter boundary, including 3 parcels within the BID boundaries, are zoned solely residential with residential uses and pursuant to State PBID Law, are presumed conclusively not to specially benefit from the BID funded program, services and improvements. It is the opinion of this Assessment Engineer that the subject parcels zoned solely residential also do not generally benefit from BID funded programs, services and improvements due to the inherent commercial nature of the programs, services and improvements.

The 3 general commercial parcels outside the District boundaries can reasonably be assumed to receive some indirect general benefit as a result of BID funded programs, services and improvements. Based on over 30 years of assessment engineering experience, it is the opinion of this Engineer that a benefit factor of 1.0 be attributed to the 100 identified and assessed parcels within the District and a benefit factor of 0.05 be attributed to general benefits conferred on the 3 general commercial parcels located adjacent to the OGV BID. The dollar value of this general benefit type equates to \$195 as delineated in the chart below.

Parcel Type	Quantity	Benefit Factor	Benefit Units	Benefit Percent	Benefit Value
Assessed parcels in the District	100	1	100	99.85%	\$129,509
Adjacent commercial parcels outside the District	3	0.05	0.15	0.15%	\$195
TOTAL			100.15	100.00%	\$129,704

Composite General Benefit

Based on the general benefit values delineated in the three sections above, the total value of general benefits conferred on

The Old Granada Village Business Improvement District – Assessment Engineer’s Report

assessed parcels within the District, the public at large and parcels outside the District equates to \$280 (0.22%). This leaves a value of 99.78% assigned to special benefit related costs. The general benefit value of \$280 when added to the special benefit value of \$129,509 (Year 1 – 2016 assessment) equates to a total Year 1 – 2016 program cost of \$129,789. Remaining costs that are attributed to general benefits, will need to be derived from other sources. A comparison of special and general benefit funding sources is shown later in this Report.

The general benefits (i.e. benefits to the general public and surrounding parcels outside the District but not to the assessed parcels themselves) of the proposed programs, services and improvements represent 0.22% of the total benefits generated and, in turn, 0.22% of the costs of the BID funded improvements, activities and services provided. Thus, 0.22% of the total District costs will need to be funded by non-assessment revenue sources such as grants, donations, program income, etc. A delineation of both special and general benefit costs for each program element in each benefit zone for each year of the 5 year BID term is shown in the following Table:

Total Year 1-5 (2016-2020) Special + General Benefit Costs

SPECIAL + GENERAL BENEFIT COSTS BY CATEGORY & ZONE	Image Enhancement	Marketing	Streetscape Services	Admin	TOTAL
<u>ZONE 1</u>					
Year 1 - 2016 Special Benefit Cost	\$24,710	\$7,252	\$31,559	\$23,440	\$86,961
Year 1 - 2016 General Benefit Cost	\$53	\$16	\$68	\$51	\$188
Year 1 - 2016 Sub Total Costs	\$24,763	\$7,268	\$31,627	\$23,491	\$87,149
<u>ZONE 2</u>					
Year 1 - 2016 Special Benefit Cost	\$4,622	\$1,356	\$5,903	\$4,385	\$16,266
Year 1 - 2016 General Benefit Cost	\$10	\$3	\$13	\$10	\$36
Year 1 - 2016 Sub Total Costs	\$4,632	\$1,359	\$5,916	\$4,395	\$16,302
<u>ZONE 3</u>					
Year 1 - 2016 Special Benefit Cost	\$7,468	\$2,192	\$9,538	\$7,084	\$26,282
Year 1 - 2016 General Benefit Cost	\$16	\$5	\$20	\$15	\$56
Year 1 - 2016 Sub Total Costs	\$7,484	\$2,197	\$9,558	\$7,099	\$26,338
Total Yr 1 Special Benefit Costs	\$36,800	\$10,800	\$47,000	\$34,909	\$129,509
Total Yr 1 General Benefit Costs	\$79	\$24	\$101	\$76	\$280
TOTAL YR 1 - 2016 COSTS	\$36,879	\$10,824	\$47,101	\$34,985	\$129,789
<u>ZONE 1</u>					
Year 2 - 2017 Special Benefit Cost	\$25,204	\$7,397	\$32,190	\$23,909	\$88,700
Year 2 - 2017 General Benefit Cost	\$54	\$16	\$70	\$52	\$192
Year 2 - 2017 Sub Total Costs	\$25,258	\$7,413	\$32,260	\$23,961	\$88,892
<u>ZONE 2</u>					
Year 2 - 2017 Special Benefit Cost	\$4,714	\$1,384	\$6,021	\$4,472	\$16,591
Year 2 - 2017 General Benefit Cost	\$10	\$3	\$13	\$10	\$36
Year 2 - 2017 Sub Total Costs	\$4,724	\$1,387	\$6,034	\$4,482	\$16,627
<u>ZONE 3</u>					
Year 2 - 2017 Special Benefit Cost	\$7,617	\$2,235	\$9,729	\$7,226	\$26,807

The Old Granada Village Business Improvement District – Assessment Engineer’s Report

Year 2 - 2017 General Benefit Cost	\$16	\$5	\$21	\$16	\$58
Year 2 - 2017 Sub Total Costs	\$7,633	\$2,240	\$9,750	\$7,242	\$26,865
TOTAL YR 2 Special Benefit Costs	\$37,536	\$11,016	\$47,940	\$35,607	\$132,099
TOTAL YR 2 General Benefit Costs	\$80	\$24	\$104	\$78	\$286
TOTAL YR 2 - 2017 COSTS	\$37,616	\$11,040	\$48,044	\$35,685	\$132,385
<u>ZONE 1</u>					
Year 3 - 2018 Special Benefit Cost	\$25,708	\$7,545	\$32,834	\$24,387	\$90,474
Year 3 - 2018 General Benefit Cost	\$56	\$16	\$71	\$53	\$196
Year 3 - 2018 Sub Total Costs	\$25,764	\$7,561	\$32,905	\$24,440	\$90,670
<u>ZONE 2</u>					
Year 3 - 2018 Special Benefit Cost	\$4,809	\$1,411	\$6,142	\$4,562	\$16,924
Year 3 - 2018 General Benefit Cost	\$10	\$3	\$13	\$10	\$36
Year 3 - 2018 Sub Total Costs	\$4,819	\$1,414	\$6,155	\$4,572	\$16,960
<u>ZONE 3</u>					
Year 3 - 2018 Special Benefit Cost	\$7,770	\$2,280	\$9,923	\$7,370	\$27,343
Year 3 - 2018 General Benefit Cost	\$17	\$5	\$21	\$16	\$59
Year 3 - 2018 Sub Total Costs	\$7,787	\$2,285	\$9,944	\$7,386	\$27,402
TOTAL YR 3 Special Benefit Costs	\$38,287	\$11,236	\$48,899	\$36,319	\$134,741
TOTAL YR 3 General Benefit Costs	\$83	\$24	\$105	\$79	\$291
TOTAL YR 3 - 2018 COSTS	\$38,370	\$11,260	\$49,004	\$36,398	\$135,032
<u>ZONE 1</u>					
Year 4 - 2019 Special Benefit Cost	\$26,223	\$7,696	\$33,491	\$24,875	\$92,285
Year 4 - 2019 General Benefit Cost	\$57	\$17	\$72	\$54	\$200
Year 4 - 2019 Sub Total Costs	\$26,280	\$7,713	\$33,563	\$24,929	\$92,485
<u>ZONE 2</u>					
Year 4 - 2019 Special Benefit Cost	\$4,905	\$1,439	\$6,264	\$4,653	\$17,261
Year 4 - 2019 General Benefit Cost	\$11	\$3	\$14	\$10	\$38
Year 4 - 2019 Sub Total Costs	\$4,916	\$1,442	\$6,278	\$4,663	\$17,299
<u>ZONE 3</u>					
Year 4 - 2019 Special Benefit Cost	\$7,925	\$2,326	\$10,122	\$7,518	\$27,891
Year 4 - 2019 General Benefit Cost	\$17	\$5	\$22	\$16	\$60
Year 4 - 2019 Sub Total Costs	\$7,942	\$2,331	\$10,144	\$7,534	\$27,951
TOTAL YR 4 Special Benefit Costs	\$39,052	\$11,461	\$49,877	\$37,046	\$137,436
TOTAL YR 4 General Benefit Costs	\$85	\$25	\$108	\$80	\$298
TOTAL YR 4 - 2019 COSTS	\$39,137	\$11,486	\$49,985	\$37,126	\$137,734
<u>ZONE 1</u>					
Year 5 - 2020 Special Benefit Cost	\$26,747	\$7,850	\$34,161	\$25,373	\$94,131
Year 5 - 2020 General Benefit Cost	\$58	\$17	\$74	\$55	\$204
Year 5 - 2020 Sub Total Costs	\$26,805	\$7,867	\$34,235	\$25,428	\$94,335
<u>ZONE 2</u>					
Year 5 - 2020 Special Benefit Cost	\$5,003	\$1,468	\$6,390	\$4,746	\$17,607

The Old Granada Village Business Improvement District – Assessment Engineer’s Report

Year 5 - 2020 General Benefit Cost	\$11	\$3	\$14	\$10	\$38
Year 5 - 2020 Sub Total Costs	\$5,014	\$1,471	\$6,404	\$4,756	\$17,645
<u>ZONE 3</u>					
Year 5 - 2020 Special Benefit Cost	\$8,083	\$2,372	\$10,324	\$7,668	\$28,447
Year 5 - 2020 General Benefit Cost	\$17	\$5	\$22	\$17	\$61
Year 5 - 2020 Sub Total Costs	\$8,100	\$2,377	\$10,346	\$7,685	\$28,508
TOTAL YR 5 Special Benefit Costs	\$39,834	\$11,690	\$50,874	\$37,787	\$140,185
TOTAL YR 5 General Benefit Costs	\$86	\$25	\$110	\$82	\$303
TOTAL YR 5 - 2020 COSTS	\$39,920	\$11,715	\$50,984	\$37,869	\$140,488

WORK PLAN

Overview

The property uses within the boundaries of the BID which will receive special benefits from BID funded programs, services and improvements are currently a mix of general commercial, retail, office, and commercial parking. BID funded activities are primarily designed to provide special benefits as described below to identified assessed parcels and the commercial land uses within the boundaries of the District.

For general commercial, retail, office, and commercial parking uses within the OGV BID, each of these uses and assessed parcels specially benefit from BID funded programs, services and improvements (i.e. image enhancement, marketing, streetscape services and administration) by potentially attracting more commercial clients, employees, tenants and investors as a result of these programs, services and improvements, thereby possibly increasing business volumes, sales transactions, commercial occupancies, commercial rental income and return on investments. These programs, services and improvements are designed to improve commerce and aesthetic appeal of businesses, patrons, visitors and employees of assessed parcels within the OGV BID by reducing litter and debris and professionally marketing goods and services available within the BID, all considered necessary in a competitive properly managed business district.

The projected program special benefit cost allocation for the 5 year BID term assuming a 2% maximum annual increase is shown in the following Table:

5 Year Projected District Special Benefit Costs (assumes 2% annual increase) (Assessment Revenue Only)

<u>YEAR 1 -2016</u>					
ACTIVITY	ZONE 1	ZONE 2	ZONE 3	TOTAL YR 1 - 2016	% of Total
Image Enhancement	\$24,710	\$4,622	\$7,468	\$36,800	28.4%
Marketing	\$7,252	\$1,356	\$2,192	\$10,800	8.3%
Streetscape Services	\$31,559	\$5,903	\$9,538	\$47,000	36.3%
Administration	\$23,440	\$4,385	\$7,084	\$34,909	27.0%
TOTAL	\$86,961	\$16,266	\$26,282	\$129,509	100.0%

The Old Granada Village Business Improvement District – Assessment Engineer’s Report

<u>YEAR 2 -2017</u>					
ACTIVITY	ZONE 1	ZONE 2	ZONE 3	TOTAL YR 2 - 2017	% of Total
Image Enhancement	\$25,204	\$4,714	\$7,617	\$37,536	28.4%
Marketing	\$7,397	\$1,384	\$2,235	\$11,016	8.3%
Streetscape Services	\$32,190	\$6,021	\$9,729	\$47,940	36.3%
Administration	\$23,909	\$4,472	\$7,226	\$35,607	27.0%
TOTAL	\$88,700	\$16,591	\$26,807	\$132,099	100.0%
<u>YEAR 3 -2018</u>					
ACTIVITY	ZONE 1	ZONE 2	ZONE 3	TOTAL YR 3 - 2018	% of Total
Image Enhancement	\$25,708	\$4,809	\$7,770	\$38,287	28.4%
Marketing	\$7,545	\$1,411	\$2,280	\$11,236	8.3%
Streetscape Services	\$32,834	\$6,142	\$9,923	\$48,899	36.3%
Administration	\$24,387	\$4,562	\$7,370	\$36,319	27.0%
TOTAL	\$90,474	\$16,924	\$27,343	\$134,741	100.0%
<u>YEAR 4 -2019</u>					
ACTIVITY	ZONE 1	ZONE 2	ZONE 3	TOTAL YR 4 - 2019	% of Total
Image Enhancement	\$26,223	\$4,905	\$7,925	\$39,052	28.4%
Marketing	\$7,696	\$1,439	\$2,326	\$11,461	8.3%
Streetscape Services	\$33,491	\$6,264	\$10,122	\$49,877	36.3%
Administration	\$24,875	\$4,653	\$7,518	\$37,046	27.0%
TOTAL	\$92,285	\$17,261	\$27,891	\$137,436	100.0%
<u>YEAR 5 -2020</u>					
ACTIVITY	ZONE 1	ZONE 2	ZONE 3	TOTAL YR 5 - 2020	% of Total
Image Enhancement	\$26,747	\$5,003	\$8,083	\$39,834	28.4%
Marketing	\$7,850	\$1,468	\$2,372	\$11,690	8.3%
Streetscape Services	\$34,161	\$6,390	\$10,324	\$50,874	36.3%
Administration	\$25,373	\$4,746	\$7,668	\$37,787	27.0%
TOTAL	\$94,131	\$17,607	\$28,447	\$140,185	100.0%

Each identified parcel within the OGV BID will be assessed the full amount of the proportionate special benefit conferred upon it based on the level of BID funded services provided within each benefit zone.

WORK PLAN

The proposed Old Granada Village BID work plan is described in more detail as follows:

Image Enhancement

The Image Enhancement category includes physical improvements for the special benefit of each identified and assessed parcel and land use (i.e. general commercial, retail, office, and commercial parking) within the OGV BID. Types of physical improvements include: phased landscaped median lighting; additional street furniture such as benches and trash

The Old Granada Village Business Improvement District – Assessment Engineer’s Report

bins; additional tree planting and decorative tree wells; painting of street light poles; decorative amenities such as street light pole medallions/flags/seasonal banners; decorative crosswalk enhancements; freestanding landscape containers; a Village clock and other improvements, as approved by the Owner’s Association.

This component is designed to specially benefit and improve the aesthetic appeal of each identified and assessed parcel within the BID and attract more commercial customers and clients, employees, tenants and investors which potentially would increase business volumes, sales transactions, commercial occupancies, commercial rental income and return on investments. Image Enhancement improvements will only be provided for identified and assessed parcels and their businesses located within the BID boundaries.

Marketing

The Marketing category will include newsletters, website and social media management, development and distribution of promotional materials, seasonal decorations, special events, media advertising and other programs that will promote the array of goods and services available within the OGV BID.

This component is designed to specially benefit and improve the marketability of the array of goods and services provided by businesses on each identified and assessed parcel and land use (i.e. general commercial, retail, office, and commercial parking) within the OGV BID. This element is designed to attract more commercial customers and clients, employees, tenants and investors which potentially would increase business volumes, sales transactions, commercial occupancies, commercial rental income and return on investments. Marketing programs will only be provided for identified and assessed parcels and their businesses located within the BID boundaries.

Streetscape Services

Streetscape Services are described as follows: With the use of day porters, sidewalks will be kept clean and benches will be wiped down and kept graffiti free. Landscaped medians will be kept clear of trash and debris, weeded weekly, and fertilized regularly. Irrigation systems will be continually checked and serviced. Landscaping will be kept trimmed and shaped to maintain pedestrian clearance. Newly planted trees will be watered on a regular basis until mature enough to be self-sustaining. Sidewalk and gutter areas will be pressure washed on a regular basis.

Streetscape Service levels will be the highest level in Zone 1 and about 50% less in Zone 2. Zone 3, which consists primarily of two multiple tenant large shopping centers, will have the lowest streetscape service levels, about 10% of Zone 1, since similar services (i.e. image enhancement, marketing, streetscape services and administration) are contractually obligated to be provided by each shopping center ownership for the benefit of their business tenants within each center. Thus, BID funded services in Zone 3 will supplement, not replace, similar contractually obligated services already provided by the shopping center ownership for their business tenants. The varying programmed service levels of BID funded programs, services and improvements in each benefit zone are shown in the chart on page 17 of this Report.

The Old Granada Village Business Improvement District – Assessment Engineer’s Report

The Streetscape Services component is designed to specially benefit each identified and assessed parcel and land use (i.e. general commercial, retail, office, and commercial parking) within the OGV BID. This element is designed to professionally manage the appearance of each parcel as an attractive and inviting place to work, transact business, shop and dine. Streetscape Services are designed to attract more commercial customers and clients, employees, tenants and investors which potentially would increase business volumes, sales transactions, commercial occupancies, commercial rental income and return on investments. Streetscape Services will be provided only within the BID boundaries and for the special benefit of identified and assessed parcels and their businesses within the OGV BID.

Administration

Included in the Administration component are the costs for a part-time Executive Director, bookkeeping, office expenses, legal and accounting fees, bank charges, annual report and Directors & Officers and General Liability insurance. Support staff will be contracted with to provide necessary services in program implementation and oversight and regular contact with the Board of Directors. This component also includes City/County collection fees, allowance for delinquent assessment payments and other variable expenses related to each program element. A portion of BID assessment funds remaining in the last two years of the proposed BID renewal term may be used to develop the Management District Plan, Engineer’s Report and related renewal costs for the following renewal term. Administration services will be provided in all three Zones.

This component, BID Administration, is key to the proper expenditure of BID assessment funds and the administration of BID programs and activities. BID Administration exists only for the purposes of the BID and will only be provided for matters specially benefitting each individual assessed parcel and land use (i.e. general commercial, retail, office, and commercial parking) within the OGV BID.

A projected level of service breakdown of BID funded programs, services and improvements for each benefit zone are delineated on the table on the following page of this Report.

PROPOSED OGV BID LEVELS OF SERVICES BY ZONE

SERVICE	ZONE 1	ZONE 2	ZONE 3
Landscape Maintenance	1 – 2 times per week	1 time per week	As needed
New benches & trash cans	2 – 4 per block	4 or less in total	2 or less in total
Light pole painting	8 – 10 poles	2 – 4 poles	2 or less poles
Beautification, Landscaping	As needed	As needed	None
Decorative amenities (pole medallions)	12 – 20 medallions	8 or less	4 or less
Cross walk enhancements	16 cross walks	None	1 cross walk
Business directories	2 – 4 signs	None	None
Storefront painting/remodeling	Entire zone	None	None
Sidewalk repairs	As needed	As needed	None
Regular sidewalk sweeping	3 -5 days per week	1 -3 days per week	As needed
Steam cleaning	6 – 10 times per year	3 – 5 times per year	As needed
Trash emptying	Daily	6 days per week	6 days per week
Graffiti removal	As needed	As needed	As needed
Special Events	Seasonally	Not applicable	Not applicable
Marketing and Promotions	Based upon programs	Based upon programs	Based upon programs
Newsletters	Quarterly	Quarterly	Quarterly
Advertising	As determined	As determined	As determined
Administration	Ongoing oversight	Ongoing oversight	Ongoing oversight

Each identified parcel within the OGV BID will be assessed the full amount of the proportionate special benefit conferred upon it based on the level of BID funded services provided within each benefit zone.

In summary, all of the above programs, services and improvements (i.e. image enhancement, marketing, streetscape services and administration) work together to provide a cleaner, safer and more marketable place for each assessed parcel in the district. The property uses within the boundaries of the BID which will receive special benefits from BID funded programs and services are currently a mix of general commercial, retail, office and commercial parking. Services, programs and improvements provided by the BID are primarily designed to provide special benefits to each identified assessed parcel and the commercial land uses within the boundaries of the District.

The Old Granada Village Business Improvement District – Assessment Engineer’s Report

For general commercial, retail, office, and commercial parking, uses within the OGV BID, each of these uses and assessed parcels specially benefit from BID funded programs, services and improvements by potentially attracting more commercial clients, employees, tenants and investors as a result of these programs, services and improvements, thereby possibly increasing business volumes, sales transactions, commercial occupancies, commercial rental income and return on investments. These services may improve commerce and aesthetic appeal for owners, patrons, visitors and employees of assessed parcels within the OGV BID by reducing litter and debris and professionally marketing goods and services available within the BID, all considered necessary in a competitive properly managed business district.

The renewed OGV BID may increase the assessment for each individual parcel each year during the five-year effective operating period, but in no event shall the assessment increase exceed 2% and must be approved by the Board of Directors, included in the Annual Planning Report and adopted by the City of Los Angeles City Council. The accrued interest and delinquent payments will be expended within the budgeted categories. The Board of the Directors of the Owners Association of the Renewed OGV BID shall determine the percentage increase to the annual assessment and the methodology employed to determine the amount of the increase. The BID Director shall communicate the annual increase to the City of Los Angeles each year in which the BID operates at a time determined in the Administration Contract held between the Owners Association and the City of Los Angeles. Accrued interest and delinquent payments will be expended within the budget categories in the percentage amount indicated. No bonds are to be issued in conjunction with this renewed BID.

Assessments for the Fiscal Year beginning January 1, 2016 and assessments for subsequent fiscal years, through and including the Fiscal Year ending December 31, 2020 will be collected at the same time and in the same manner as ad valorem taxes paid to the County of Los Angeles. The City of Los Angeles is authorized to collect any assessments not placed on the County tax rolls, or to place assessments, unpaid delinquent assessments, or penalties on the County tax rolls as appropriate to implement the Management District Plan.

It is recognized that market conditions may cause the cost of providing goods and services to fluctuate from year to year. Accordingly, the Owners’ Association shall have the right to reallocate up to 10% of any budget line item within the budget categories based on such cost fluctuations subject to the review and approval by the Board and included in the Annual Planning Report that will be approved by the Los Angeles City Council pursuant to Streets and Highways Code Section 36650. Accrued interest or delinquent payments may be expended in any budget category.

Pursuant to Section 36671 of the Streets and Highways Code, any funds remaining after the fifth year of operation will be rolled over into the renewal budget or returned to stakeholders. Also, if funds are available in the fourth or fifth year of operations, costs for the next BID renewal may be expended from available unencumbered funds. If the District is not renewed or terminated for any reason, unexpended funds will be returned to the property owners.

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. Based on the specific needs and corresponding nature of the program activities to be funded by the renewed OGV BID (i.e. image enhancement, marketing, streetscape services and administration) it is the opinion of this Assessment Engineer that the assessment factor on which to base assessment rates relate directly to the proportionate amount of parcel land area within three benefit zones. The levels of BID funded special benefit services will vary for each benefit zone. Each identified parcel within the OGV BID will be assessed the full amount of the proportionate special benefit conferred upon it based on the level of BID funded services provided within each benefit zone.

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 are expected to impact the demand for services and programs to a greater extent than smaller land areas and thus, are assigned a higher proportionate degree of assessment program and service costs. The proportionality is also achieved by programming varying levels of programs and services in the three benefit zones.

The proportionate special benefit cost for each parcel has been calculated based on 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 renewed OGV BID, they are also considerably less than other options considered by the renewed OGV BID renewal proponent group. The actual assessment rate for each parcel within the BID directly relate to the level of service and, in turn, special benefit to be provided based on the respective land area of each parcel within three benefit zones.

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

There are currently no government owned parcels within the OGV BID

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 renewed OGV BID.

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

The individual and total parcel assessments attributable to special property benefits are shown on Appendix 1 to the Management District Plan and this Report. The renewed District and resultant assessment payments will continue for 5 more years and may be renewed again at that time for up to 10 years at a 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 parcel land area within three benefit zones.

Assessment Formula Methodology

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

The method used to determine special benefits derived by each identified property within a BID begins with the selection of a suitable and tangible basic benefit unit. For property related services, such as those proposed in the OGV BID, the benefit unit may be measured in linear feet of primary and secondary street frontage or parcel size in square feet or building size in square feet or any combination of these factors. Factor quantities 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 BID 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 Article XIID Section 4(b) of the California Constitution (Proposition 218), and now

The Old Granada Village Business Improvement District – Assessment Engineer’s Report

required of all property based assessment Districts, indirect or general benefits costs 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, Article XIID Section 4(b) of the California Constitution no longer automatically exempts government owned property from being assessed unless the respective public agency can provide clear and convincing evidence that their property does not specially benefit from the programs and services to be funded by the proposed special assessments. 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. There currently are no publicly owned parcels within the proposed renewed OGV BID.

From the estimated net program costs, the value of a basic benefit unit or “basic net unit cost” can be computed by dividing the total amount of 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 benefitting properties within the BID.

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

Based on the specific needs and corresponding nature of the program activities to be funded by the renewed OGV BID (i.e. image enhancement, marketing, streetscape services and administration) it is the opinion of this Assessment Engineer that the assessment factor on which to base assessment rates relate directly to the proportionate amount of parcel land area within three distinct benefit zones.

The “Basic Benefit Units” will be expressed as a function of land square footage (Benefit Unit “A”). Based on the shape of the renewed OGV BID, 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 special benefit based on the respective amount of land within three benefit zones.

In a business district such as Old Granada Village with fairly uniform building heights and rectangular, grid shaped blocks and parcels, the application of the single factor, land area quantity, is a proven method of fairly and equitably spreading special benefit costs to beneficiaries of BID funded services, programs and improvements. This factor directly relates to the degree of special benefit each assessed parcel will receive from BID funded activities in that it blends parcel size and corresponding street frontage into a single factor. Parcel land area measures the current and future development capacity

The Old Granada Village Business Improvement District – Assessment Engineer’s Report

of each parcel and its corresponding impact or draw on BID funded activities. In the opinion of this Assessment Engineer, the targeted weight of this factor, land area, will generate 100% of the total BID revenue.

Benefit Zones

There are three benefit zones within the proposed renewed Old Granada Village BID. The levels of BID funded special benefit services will vary for each benefit zone. Each identified parcel within the OGV BID will be assessed the full amount of the proportionate special benefit conferred upon it based on the level of BID funded services provided within each benefit zone.

- **Zone 1** is the core retail corridor of Old Granada Village and consists of commercially zoned properties fronting Chatsworth Street between Encino Avenue on the east and Zelzah Avenue on the west. Retail activity and pedestrian traffic is highest in this portion of the BID, and thus these parcels require the highest level of programmed and response BID services. (See chart on page 17 this Report of BID services and frequencies). As a result, Zone 1 parcels will receive 100% of their proportionate special benefit from Zone 1 BID funded levels of services and will be assessed at the rate of \$0.158708601 per square foot of parcel land area as delineated in this Report. This rate and the resulting Zone 1 assessment revenue are reflected in the budget allocation of funds for Zone 1 and the corresponding proportionate special benefits conferred on Zone 1 parcels.
- **Zone 2** generally consists of the remaining commercially zoned parcels within the BID boundaries between Encino Avenue on the east and Zelzah Avenue on the west. Zone 2 parcels have no Chatsworth Street frontage but have frontage along secondary streets in the BID including Zelzah Avenue, Yarmouth Avenue, White Oak Avenue and Shoshone Avenue. Zone 2 has less retail activity and pedestrian traffic than the Zone 1 parcels fronting Chatsworth Street and require lower levels of programmed and response service from the BID. (See chart on page 17 of this Report of BID services and frequencies). As a result, Zone 2 parcels will receive 100% of their proportionate special benefit from Zone 2 BID funded levels of services and will be assessed at the rate of \$0.079355545 per square foot of parcel land area as delineated in this Report. This rate and the resulting Zone 2 assessment revenue are reflected in the budget allocation of funds for Zone 2 and the corresponding proportionate special benefits conferred on Zone 2 parcels.
- **Zone 3** consists primarily of two major multi-tenant shopping centers located west of Zelzah Avenue. These large shopping centers provide landscape, day porter, sweeping and other services within their parcel boundaries for the benefit of their tenants and require relatively minor services from the BID. The benefits and services that Zone 3 parcels receive from the BID are limited to administrative and marketing efforts, partial image enhancements (sidewalk benches and light poles/decorations) and minimal streetscape services (a few sidewalk trees along Zelzah). (See chart on page 17 of this Report of BID services and frequencies). As a result, Zone 3 parcels will receive 100% of their proportionate special benefit from Zone 3 BID funded levels of services and will be assessed at the rate of \$0.015855495 per square foot of parcel land area as delineated in this Report. This

The Old Granada Village Business Improvement District – Assessment Engineer’s Report

rate and the resulting Zone 3 assessment revenue are reflected in the budget allocation of funds for Zone 3 and the corresponding proportionate special benefits conferred on Zone 3 parcels.

It is noted that three parcels within Zone 2 are zoned solely residential (APN 2712-030-002, 2712-030-003 and 2733-006-024) and are included in the District, but are not assessed nor shall they be provided with any direct BID funded services nor shall special benefits be conferred on them. In addition, two parcels within Zone 2 have partial commercial and residential zoning designations (APN 2712-028-026 and 2733-009-022). While these entire parcels are included in the District, only the commercial zoned portions shall be assessed and shall be provided with direct BID funded services and upon which special benefits shall be conferred. The residential zoned portions of these parcels shall not be assessed nor shall they be provided with any direct BID funded services nor shall special benefits be conferred on these portions.

Future Development

Other than future maximum rates and the assessment methodology delineated in this Report, per State Law (Government Code Section 53750), future assessments may change for any given parcel if such a change is attributable to events other than an increased rate or revised methodology, such as a change in the density, intensity, or nature of the use of land. Any change in assessment formula methodology or levying of assessment rates higher than as stipulated in this Report would require a new ballot procedure (Article XIID Section 4(b) of the California Constitution) in order to approve any such changes.

Step 2. Quantify Total Basic Benefit Units

Taking into account all identified benefiting properties and their respective assessable benefit units, there are 1,657,566 assessable Benefit Units A (land area). The assessable benefit unit quantities for each benefit zone and the projected corresponding revenue within the renewed OGV BID are shown in the table below:

Assessable Benefit Units and Projected Yr 1 –2016 Revenue by Zone

Benefit Zone	Quantity (Sq Ft)	Year 1 –2016 Projected Revenue Generated by Zone
Zone 1	547,932 sq. feet	\$86,961.52
Zone 2	204,979 sq. feet	\$16,266.22
Zone 3	1,657,566 sq. feet	\$26,281.53
Total	2,410,477 sq. feet	\$129,509.27

Step 3. Calculate Benefit Units for Each Property.

The number of Benefit Units for each identified benefiting parcel within the renewed OGV BID was computed from data extracted from County Assessor records and maps. These data sources delineate current zoning, land uses and 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

The Old Granada Village Business Improvement District – Assessment Engineer’s Report

assessment computations will be provided to each property owner in the BID for their review. All known or reported discrepancies, errors or misinformation will be corrected.

Step 4. Determine Assessment Formula

In the opinion of this Engineer, the assessment formula shall be based on a single assessment Benefit Unit Factor, parcel land area, to generate 100% of the assessment revenue for the renewed OGV BID. Based on the projected levels of service to be provided in each benefit zone and their corresponding pro-rated costs, Zone 1 assessment rates shall be set at \$0.158708601 per square foot of parcel land area, Zone 2 at \$0.079355545 per square foot of parcel land area and Zone 3 at \$0.015855495 per square foot of parcel land area. To meet these assessment rate levels, Zone 1 is targeted to generate 67% of the total BID revenue (67.146947% when adjusted for land area refinements since the BID’s inception), Zone 2 - 13% of the total BID revenue (12.559889% when adjusted) and Zone 3 – 20% (20.293165% when adjusted). The assessment formula shall be as follows:

$$\text{Assessment} = \text{Land Area (Unit A) Sq Ft} \times \text{Unit A Rate, for each Benefit Zone}$$

Computing Assessment Formula Unit Rates

Zone 1 Land Area Rate (Unit A-1)

$$(\$129,509.27 \times 67.146947\%) / 547,932 \text{ assessable land area units} = \$0.158708601/\text{sq ft land}$$

Zone 2 Land Area Rate (Unit A-2)

$$(\$129,509.27 \times 12.559889\%) / 204,979 \text{ assessable land area units} = \$0.079355545/\text{sq ft land}$$

Zone 3 Land Area Rate (Unit A-3)

$$(\$129,509.27 \times 20.293165\%) / 1,657,566 \text{ assessable land area units} = \$0.015855495/\text{sq ft land}$$

YEAR 1 –2016 ASSESSMENT RATE CHART

Location	Land Area Rate
Zone 1 (100%)	\$0.158708601 per sq ft
Zone 2 (50%)	\$0.079355545 per sq ft
Zone 3 (10%)	\$0.015855495 per sq ft

Sample Assessment Calculations

A. An 18,000 sq ft lot on Chatsworth Street in Zone 1

$$\begin{aligned} \text{Year 1 assessment} &= 18,000 \text{ sq ft land} \times 15.8708601\text{¢}/\text{sq ft} \\ &= \$2,857/\text{Year} \end{aligned}$$

The Old Granada Village Business Improvement District – Assessment Engineer’s Report

= \$238/Month
 = \$7.94/Day

B. An 18,000 sq ft lot on Zelzah Avenue in Zone 2

Year 1 assessment = 18,000 sq ft land x 7.9355545¢/sq ft
 = \$1,429/Year
 = \$119/Month
 = \$3.97/Day

C. An 18,000 sq ft lot on Lindley Avenue in Zone 3

Year 1 assessment = 18,000 sq ft land x 1.5855495¢/sq ft
 = \$285/Year
 = \$24/Month
 = 79¢/Day

Step 5. Estimate Total District Costs

The total projected 5 year District special benefit costs for 2016 – 2020 of the BID, assuming a maximum 2% increase per year, are shown in the table on pages 13-14 of this Report.

Step 6. Separate General Benefits from Special Benefits and Related Costs

Based on the results computed in “Finding 2” earlier in this Report, total Year 1 –2016 district program costs (special plus general benefit costs) are estimated at \$129,789. General benefits are factored at 0.22% of total with special benefits set at 99.78%. Article XIID Section 4(b) of the California Constitution limits the levy of property assessments to costs attributed to special benefits only. The 0.22% general benefit cost is computed to be \$280 with a resultant 99.78% special benefit limit computed at \$129,509. *This is the maximum amount of assessments that can be levied by this assessment district based on the property data available at this time for the subject BID.* All program costs associated with general benefits will be derived from sources other than BID assessments. Sample “other” revenue sources are shown in the table below.

Special and General Benefit Revenue Sources

Revenue Source	Revenue
BID Assessments	\$129,509
Other estimated grants, sponsors, program income, etc	\$280
TOTAL	\$129,789

Step 7. Calculate “Basic Unit Cost”

With a YR 1 - 2015 assessment revenue portion of the budget set at \$129,509 (special benefit only), the Basic Unit Costs are shown above in Step 4. Since the BID is being renewed for a 5 year term, maximum assessments for future years (2017-2020) must be set at the inception of the renewed BID. An annual inflationary assessment rate increase of up to 2%

The Old Granada Village Business Improvement District – Assessment Engineer’s Report

may be imposed for future year assessments, on approval by the BID Property Owner’s Association. The maximum assessment rates for the 5 year renewed BID term of 2016-2020 are shown in the table below. The assessment rates listed constitute the maximum assessment rates that may be imposed for future years of the renewed BID (2016-2020).

YR 1-5 (2016-20) Maximum Assessment Rates (assumes 2% annual increase)

Assessment Rates	YR 1 - 2016	YR 2 - 2017	YR 3 - 2018	YR 4 - 2019	YR 5 - 2020
Zone 1 Land Area Rate per sq ft	0.158708601	0.161882773	0.165120428	0.168422837	0.171791294
Zone 2 Land Area Rate per sq ft	0.079355545	0.080942656	0.082561509	0.084212739	0.085896994
Zone 3 Land Area Rate per sq ft	0.015855495	0.016172605	0.016496057	0.016825978	0.017162498

Step 8. Spread the Assessments

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

Miscellaneous District Provisions

Time and manner of collecting assessments:

The District assessments shall appear as a separate line item on the property tax bills issued by the Los Angeles County Assessor. If necessary, a manual billing may be prepared by the City of Los Angeles in lieu of the assessment’s inclusion on the Assessor’s property tax bills. Any delinquent assessments owed for a year for which the City billed will be added to the County property tax roll for the following year.

Bonds:

No bonds are to be issued in conjunction with this proposed BID.

Duration:

In accordance with State law, the District will have a five-year operational term from January 1, 2016 to December 31, 2020. The renewed BID operation is expected to begin services on January 1, 2016. If the District is not renewed, services will end on December 31, 2020.

APPENDIX 1

YR 1 – 2015/2016 ASSESSMENT ROLL

The Old Granada Village Business Improvement District – Assessment Engineer’s Report

APN	Zone	Assessed Land Area	Year 1 – 2015/16 Assmt	% of Total
2712-021-026	2	27,412	\$2,175.29	1.68%
2712-027-026	1	6,848	\$1,086.84	0.84%
2712-027-027	1	8,220	\$1,304.58	1.01%
2712-027-028	1	12,330	\$1,956.88	1.51%
2712-027-029	1	10,271	\$1,630.10	1.26%
2712-027-030	1	6,848	\$1,086.84	0.84%
2712-027-031	1	13,613	\$2,160.50	1.67%
2712-027-033	1	13,634	\$2,163.83	1.67%
2712-027-036	1	10,271	\$1,630.10	1.26%
2712-028-001	2	10,727	\$851.25	0.66%
2712-028-013	1	8,133	\$1,290.78	1.00%
2712-028-014	1	3,424	\$543.42	0.42%
2712-028-015	1	3,424	\$543.42	0.42%
2712-028-016	1	13,700	\$2,174.31	1.68%
2712-028-020	1	3,424	\$543.42	0.42%
2712-028-021	1	6,848	\$1,086.84	0.84%
2712-028-022	1	6,848	\$1,086.84	0.84%
2712-028-023	1	8,220	\$1,304.58	1.01%
2712-028-024	1	8,150	\$1,293.48	1.00%
2712-028-025	2	7,205	\$571.76	0.44%
2712-028-026	2	7,200	\$571.36	0.44%
2712-028-027	1	17,125	\$2,717.88	2.10%
2712-029-016	1	8,133	\$1,290.78	1.00%
2712-029-017	1	6,848	\$1,086.84	0.84%
2712-029-018	1	6,848	\$1,086.84	0.84%
2712-029-019	1	6,848	\$1,086.84	0.84%
2712-029-020	1	6,848	\$1,086.84	0.84%
2712-029-021	1	6,848	\$1,086.84	0.84%
2712-029-022	1	6,848	\$1,086.84	0.84%
2712-029-023	1	3,424	\$543.42	0.42%
2712-029-024	1	11,556	\$1,834.04	1.42%
2712-029-025	2	19,711	\$1,564.18	1.21%
2712-029-026	2	3,297	\$261.64	0.20%
2712-030-002	2	0	\$0.00	0.00%
2712-030-003	2	0	\$0.00	0.00%
2712-030-012	1	8,133	\$1,290.78	1.00%
2712-030-013	1	3,424	\$543.42	0.42%
2712-030-014	1	6,848	\$1,086.84	0.84%
2712-030-015	1	6,848	\$1,086.84	0.84%
2712-030-016	1	3,424	\$543.42	0.42%
2712-030-017	1	3,424	\$543.42	0.42%
2712-030-018	1	3,424	\$543.42	0.42%
2712-030-019	1	6,848	\$1,086.84	0.84%
2712-030-020	1	6,848	\$1,086.84	0.84%
2712-030-032	1	17,890	\$2,839.30	2.19%

The Old Granada Village Business Improvement District – Assessment Engineer’s Report

APN	Zone	Assessed Land Area	Year 1 – 2015/16 Assmt	% of Total
2715-012-039	3	13,329	\$211.34	0.16%
2715-012-040	3	33,393	\$529.46	0.41%
2715-012-041	3	23,572	\$373.75	0.29%
2715-025-048	3	20,970	\$332.49	0.26%
2715-025-055	3	830,682	\$13,170.87	10.17%
2731-008-022	3	22,107	\$350.52	0.27%
2731-008-023	3	713,513	\$11,313.10	8.74%
2733-003-032	2	15,198	\$1,206.05	0.93%
2733-005-003	1	3,010	\$477.71	0.37%
2733-005-004	1	3,058	\$485.33	0.37%
2733-005-005	1	6,277	\$996.21	0.77%
2733-005-006	1	6,447	\$1,023.19	0.79%
2733-005-010	1	9,749	\$1,547.25	1.19%
2733-005-018	2	10,498	\$833.07	0.64%
2733-005-021	2	3,197	\$253.70	0.20%
2733-005-024	2	2,866	\$227.43	0.18%
2733-005-025	2	2,696	\$213.94	0.17%
2733-005-026	1	10,964	\$1,740.08	1.34%
2733-005-027	2	10,230	\$811.81	0.63%
2733-005-031	1	6,499	\$1,031.45	0.80%
2733-005-032	2	6,316	\$501.21	0.39%
2733-005-033	1	5,040	\$799.89	0.62%
2733-005-034	2	6,216	\$493.27	0.38%
2733-006-006	1	6,499	\$1,031.45	0.80%
2733-006-007	1	6,499	\$1,031.45	0.80%
2733-006-008	1	6,499	\$1,031.45	0.80%
2733-006-009	1	3,250	\$515.80	0.40%
2733-006-010	1	9,749	\$1,547.25	1.19%
2733-006-011	1	7,714	\$1,224.28	0.95%
2733-006-012	2	3,297	\$261.64	0.20%
2733-006-013	2	3,297	\$261.64	0.20%
2733-006-014	2	6,599	\$523.67	0.40%
2733-006-015	2	3,297	\$261.64	0.20%
2733-006-016	2	6,512	\$516.76	0.40%
2733-006-024	2	0	\$0.00	0.00%
2733-006-025	1	9,749	\$1,547.25	1.19%
2733-006-026	1	10,964	\$1,740.08	1.34%
2733-009-001	1	15,529	\$2,464.59	1.90%
2733-009-002	1	6,499	\$1,031.45	0.80%
2733-009-003	1	6,499	\$1,031.45	0.80%
2733-009-004	1	6,499	\$1,031.45	0.80%
2733-009-005	1	6,499	\$1,031.45	0.80%
2733-009-006	1	6,499	\$1,031.45	0.80%
2733-009-007	1	6,499	\$1,031.45	0.80%
2733-009-008	1	6,499	\$1,031.45	0.80%
2733-009-009	1	3,250	\$515.80	0.40%

The Old Granada Village Business Improvement District – Assessment Engineer’s Report

APN	Zone	Assessed Land Area	Year 1 – 2015/16 Assmt	% of Total
2733-009-010	1	10,960	\$1,739.45	1.34%
2733-009-021	2	10,813	\$858.07	0.66%
2733-009-022	2	14,329	\$1,137.09	0.88%
2733-018-012	1	12,911	\$2,049.09	1.58%
2733-018-013	2	9,766	\$774.99	0.60%
2733-018-014	1	3,250	\$515.80	0.40%
2733-018-015	1	6,499	\$1,031.45	0.80%
2733-018-016	1	6,499	\$1,031.45	0.80%
2733-018-017	1	6,499	\$1,031.45	0.80%
2733-018-018	1	6,499	\$1,031.45	0.80%
2733-018-031	2	14,300	\$1,134.78	0.88%
2733-018-806	1	25,933	\$4,115.79	3.18%
		TOTAL	\$129,509.27	100.00%