

ATTACHMENT 1

LINCOLN HEIGHTS INDUSTRIAL ZONE BUSINESS IMPROVEMENT DISTRICT ESTABLISHMENT

ASSESSMENT ENGINEER’S REPORT

*Being Established for a 5 Year Term Pursuant to
California Streets and Highways Code Section 36600 et seq.
Property & Business Improvement District Act of 1994, as amended*

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

DECEMBER 26, 2019

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 Lincoln Heights Industrial Zone Business Improvement District ("LHIZBID") being established 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



RPE #26549

December 26, 2019

Edward V. Henning

Date

(NOT VALID WITHOUT SIGNATURE AND CERTIFICATION SEAL HERE)

Introduction

This report serves as the “detailed engineer’s report” required by Section 4(b) of Article XIID of the California Constitution (Proposition 218) to support the benefit property assessments to be levied within the proposed LHIZBID in the City of Los Angeles, California being established 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 real properties within the proposed LHIZBID.

Background

The LHIZBID is a property-based benefit assessment type district being established for a five (5) year term pursuant to Section 36600 et seq. of the California Streets and Highways Code (as amended), 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 (“PBID”), 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 PBID programs and activities versus amount of assessment paid. Only those properties expected to derive special benefits from PBID funded programs and activities may be assessed and only in an amount proportional to the relative special benefits expected to be received.

Supplemental Article XIID Section 4(b) California Constitution
Proposition 218 Procedures and Requirements

Proposition 218, approved by the voters of California in November of 1996, adds a supplemental array of procedures and requirements to be carried out prior to levying a property-based assessment like the LHIZBID. 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.

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

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

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

Setting:

The proposed Lincoln Heights Industrial Zone BID is located on the southeastern side of the Pasadena Freeway (110), on the north side of Interstate 5 and, in general on the northwest side of Barranca Street and Pasadena Avenue. The proposed BID has 251 parcels, of which 247 are identified as assessable by this Assessment Engineer. The proposed LHIZBID is an area that used to be part of a larger street grid in the City of Los Angeles, however has been re-defined by the construction of both Highway 110 and Interstate 5 – and fills the northwestern corner of the intersection of those two major freeways. (See attached map in Appendix 2).

Benefit Zones

There is one benefit zone within the proposed LHIZBID.

LHIZBID Boundary Rationale

The Golden State Freeway, Highway 110 and Pasadena Avenue serve as a natural and rational triangular border to the industrial parcels and new residential parcels built over the past ten years adjacent to the Lincoln Heights Gold Line station. To the greatest extent possible, the boundaries of the LHIZBID have been set to exclude sides of blocks where the predominant land uses are single family residential units, on residentially zoned parcels. That is the reason why some adjacent sides of streets have been included while the opposite side of the street has been deleted. In the case of sides of streets where the predominant land uses are single family residential units on residentially zoned parcels, it has been determined that these sides of the street will not derive special benefits from the LHIZBID services, when compared to the sides of blocks that contain land uses including industrial, commercial, ecumenical, public and multi-family residential buildings.

The Property and Business Improvement District Law of 1994, California Streets & Highway Code § 36632 states, *“Properties zoned solely for residential use, or that are zoned for agricultural 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.”*

LHIZBID Boundary Description

The proposed LHIZBID encompasses approximately 13 blocks (in varying sizes and shapes) bordered by the 110 freeway on the northwest, Interstate 5 on the southwest and by Barranca Street and Pasadena Avenue on the southeast.

The LHIZBID boundaries are more specifically described as follows:

- **On the North**, commencing at the southern side of the Pasadena Freeway (110) at Pasadena Avenue (west side), (parcel 5205-004-010) running westward along the south side of the

Pasadena Freeway (110), following the Avenue 26 northbound onramp to the freeway to the parcel at the northwestern corner of the intersection of Avenue 26 and the Pasadena Freeway (110) (parcels # 5205-012-901 and # 5205-012-900). The pedestrian walkway between parcels # 5205-003-008 and 5205-003-006 is excluded from the boundaries of the LHIZBID. The pedestrian walkway has never been included in the LHIZBID since 2000 because it does not have a parcel number and its function is to transport children from the east side of Highway 110 to their school on the west side of Highway 110.

- **On the West**, from the northwestern corner of the intersection of the Pasadena Freeway (110) and the Golden State Freeway (parcel 5205-012-901, running southward along the east side of the Golden State freeway to parcel # 5205-013-009).
- **On the South**, commencing from parcel at the northeastern corner of the intersection of the Golden State freeway and Barranca Street, (parcel # 5205-013-009). Services shall be provided on all sides of the residential parcel at 5205-013-009. Running eastward along the north side of Barranca Street which includes the industrial properties on the north side and excluding the single-family residential homes which are residentially zoned on the south side of Barranca. The southern boundary then runs north along the middle of Avenue 26 including all of the parcels from Barranca to Humboldt Street, on the west side of Avenue 26 only. Continuing on eastward on both sides of Humboldt Street of the street up to the triangular parcel at the intersection of Barranca Street and Humboldt Street (parcel # 5205-015-015). The parcels on the south side of Humboldt from Avenue 26 to Avenue 33 shall be one parcel deep to on the south side to reflect the commercially zoned parcels on those blocks. The services stop at Humboldt since Humboldt Street represents the historic edge of the LHIZBID where the land uses were predominantly of an industrial or manufacturing nature. Parcels 5205-006-036, 037, 038, and 039 have been excluded from the LHIZBID since they are zoned as single-family residentially zoned parcels and will not receive any special benefit from LHIZBID services.
- **On the East**, commencing at the parcels at the intersection of Humboldt Street, Barranca Street and Avenue 29 including parcels # 5205-015-015, 5205-017-028 and 015 and 5205-016-021. Running northward along the east side of Humboldt Street to Avenue 33, running eastward along the north side of Avenue 33 to Pasadena Avenue (parcel # 5205-005-043) then running northward along the west side of Pasadena Avenue from Avenue 33 up to the Pasadena Freeway (110), ending at parcel 5205-004-010. Only the west side of Pasadena Avenue is included since those are the original boundaries of the current LHIZBID and that street acts as a demarcation of industrial land uses on the west side, versus predominantly single family residentially zoned individual parcels on the east side of Pasadena Avenue. The west side of Pasadena Avenue is the original boundary of the LHIZBID, since it was determined in 2000, and reaffirmed during the renewal of 2010. The boundaries of the LHIZBID have been reaffirmed to include only one side of Pasadena Avenue due to the fact that the individual parcels between Pasadena Avenue west to the Golden State freeway will be cleaned under a system of special benefit sidewalk cleaning services with rational boundaries that define the historic entry and exit to the LHIZBID parcels. The intent of the special benefit services for the LHIZBID was in fact, to service the individual parcels in the blocks and sides of blocks that were, and are, predominantly industrial, manufacturing, distribution and commercial land uses.

A list of all parcels included in the proposed LHIZBID is shown as Appendix 1, attached to this Report identified by their respective Los Angeles County assessor parcel number. The boundary of the proposed LHIZBID is shown on the map of the proposed LHIZBID in Appendix 2 of this Report.

In summary, all identified assessed parcels within the above-described boundaries shall be assessed to fund supplemental special benefit programs, services and improvements as outlined in this Report and in the Management District Plan. All LHIZBID funded services, programs and improvements provided within the above described boundaries shall confer special benefit to identified assessed parcels inside the LHIZBID boundaries and none will be provided outside of the LHIZBID. Each assessed parcel within the LHIZBID will proportionately and especially benefit from the LHIZBID funded programs and services (i.e. Sidewalk Operations, District Identity and Administration Services).

These services, programs and improvements are intended to improve commerce, employment, rents and occupancy rates and investment viability of individually assessed parcels and businesses on them within the LHIZBID. The LHIZBID confers special benefits on each individually assessed parcel by reducing crime, improving aesthetics and marketing goods and services available from individually assessed parcels and the businesses on them within the LHIZBID, all considered supplemental in a competitive properly managed business district.

All LHIZBID funded services programs and improvements are 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 proposed LHIZBID.

The LHIZBID includes 250 parcels of which 247 are identified as assessable and which are listed in the Assessment Roll included as Appendix 1.

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 in 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 LHIZBID that will receive special benefits from LHIZBID funded programs and services are currently a unique mix of industrial, manufacturing, municipal, studio, retail and residential with mixed use housing developments, auto service and other neighborhood serving retail uses. Services, programs and improvements provided and funded by the

LHIZBID (i.e. Sidewalk Operations, District Identity and Administration Services) are designed to provide special benefits to identified assessed parcels and the array of land uses within the boundaries of the LHIZBID as described in the Work Plan Details starting on page 10 of this Report.

The proposed LHIZBID programs, improvements and services and Year 1 – 2021 budget allocations are shown in the Table below:

Year 1 – 2021 LHIZBID Special Benefit Budget (Assessment Revenue Only)

WORK PLAN CATEGORY	ALLOCATION	%
Sidewalk Operations	\$88,000	70.1039%
District Identity	\$10,000	7.9664%
Administration Services	\$27,528	21.9298%
TOTAL	\$125,528	100%

The special benefits conferred on assessed parcels within the LHIZBID are particular and distinct to each and every identified assessed parcel within the LHIZBID and are not provided to non-assessed parcels outside of the LHIZBID. These programs, services and improvements will only be provided to each individual assessed parcel within the LHIZBID boundaries and, in turn, confer proportionate “special benefits” to each assessed parcel.

In the case of the LHIZBID, the very nature of the purpose of this LHIZBID is to fund supplemental programs, services and improvements to assessed parcels within the LHIZBID boundaries above and beyond what is being currently funded either via normal tax supported methods or other funding sources. The City of Los Angeles does not provide these programs and services. All benefits derived from the assessments to be levied on assessed parcels within the LHIZBID are for services, programs and improvements directly benefiting each individual assessed parcel within the LHIZBID. No LHIZBID funded services, activities or programs will be provided outside of the LHIZBID boundaries.

While every attempt is made to provide LHIZBID services and programs to confer benefits only to those identified assessed parcels within the LHIZBID, the California State Constitution was amended via Proposition 218 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 LHIZBID, or “spillover” onto parcels surrounding the LHIZBID, or to the public at large who might be passing through the LHIZBID with no intention of transacting business within the LHIZBID or interest in the LHIZBID itself.

Empirical assessment engineering analysis throughout California has found that general benefits within a given business improvement district tend to range from 2-6% 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 XIIIID Section 4(b) of the California Constitution) have used Method #3, the composite district overlay determinant method which will be used for the LHIZBID. 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 LHIZBID, general benefit to the public at large within the LHIZBID and general benefit to parcels outside the LHIZBID.

General Benefit – Assessed Parcels within LHIZBID

LHIZBID funded programs are narrowly designed and carefully implemented to specially benefit the assessed LHIZBID parcels and are only provided for the special benefit to each and every assessed parcel within the LHIZBID. It is the opinion of this Engineer, based on over 30 years of professional assessment engineering experience, that nearly 100% of benefits conferred on assessed parcels within the LHIZBID are distinct and special but in the case of the LHIZBID, it is projected that there are 0.25% general benefits conferred on these assessed parcels. This high ratio of special benefits to general benefits is because the LHIZBID funded programs and services are specially geared to the unique needs of each assessed parcel within the LHIZBID and are directed specially only to these assessed parcels within the LHIZBID. This concept is further reinforced by the proportionality of special benefits conferred on each assessed parcel within the LHIZBID as determined by the special benefit assessment formula as it is applied to the unique and varying property characteristics of each assessed parcel. The computed 0.25% general benefit value on the 86 assessed parcels within the LHIZBID equates to \$314 or (.25% x \$125,528).

General Benefit – Public At Large

While the LHIZBID funded programs are narrowly designed and carefully implemented to specially benefit the assessed LHIZBID properties and are only provided for the special benefit to each and every assessed parcel within the LHIZBID, these LHIZBID funded programs may also provide an incidental general benefit to the public at large within the LHIZBID. Assessment Engineering experience in California has found that generally well over 95% of people moving about within PBID boundaries are engaged in business related to assessed parcels and businesses contained on them within the PBID, while the public at large “just passing through” is typically much less than 5%. Based on this experience curve and the focused nature of the proposed LHIZBID funded programs and over 30 years of assessment engineering experience, it is the opinion of this Engineer that general benefit factors for each of the LHIZBID funded special benefit program element costs that might provide an immediate general benefit to the public at large are as shown in the chart below. These factors are applied to each program element costs in order to compute the dollar and percent value of general benefits to the public at large. The total dollar value of this general benefit type equates to \$1,508 as delineated in the Table below:

GENERAL BENEFITS TO “PUBLIC AT LARGE”

	A	B	C	E
Program Element	Dollar Allocation	General Benefit Percent	General Benefit Factor	General Benefit Value (A x C)
SIDEWALK OPERATIONS	\$88,000	1.50%	0.0150	\$1,320
DISTRICT IDENTITY	\$10,000	0.50%	0.0050	\$50
ADMINISTRATION SERVICES	<u>\$27,528</u>	0.50%	0.0050	<u>\$138</u>
Total	\$125,528			\$1,508

Spillover General Benefits to Parcels Outside of LHIZBID

While LHIZBID programs and services will not be provided directly to parcels outside the LHIZBID boundaries, it is reasonable to conclude that LHIZBID services may confer an indirect general benefit on parcels immediately adjacent to the LHIZBID boundaries and to non-assessed parcels within the LHIZBID. An inventory of the LHIZBID boundaries finds that the LHIZBID is surrounded by 53 parcels, of which 4 are commercial uses and 49 are residential or public uses adjacent to or across a street or alley from the proposed LHIZBID. There are also 4 non-identified (i.e. not assessed) exempt parcels within the proposed LHIZBID.

The 53 parcels outside the LHIZBID boundaries adjacent to or across streets or alleys from assessed parcels within the LHIZBID as well as the 4 non-identified exempt parcels within the LHIZBID can reasonably be assumed to receive some indirect general benefit as a result of PBID 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 247 identified assessed parcels within the LHIZBID; a benefit factor of 0.05 be attributed to general benefits conferred on the 4 commercial parcels adjacent to or across a street or alley from the proposed LHIZBID as well as the 4 non-identified exempt parcels within the LHIZBID; and a benefit factor of 0.01 be attributed to general benefits conferred on the 49 residential and public/non-profit parcels adjacent to or across a street or alley from the proposed LHIZBID. The cumulative dollar value of this general benefit type equates to \$453 (\$102 + \$102 + \$249) as delineated in the Table below:

“Spillover” General Benefits

Parcel Type	Quantity	Benefit Factor	Benefit Units	Benefit Percent	Benefit Value
Assessed Parcels Within BID	247	1.00	247.00	99.6410%	\$125,528
Non-assessed Parcel Within BID	4	0.05	0.20	0.0807%	\$102
Commercial Parcels Out	4	0.05	0.20	0.0807%	\$102
Resid, Gov, Non-Profit Parcels Out	49	0.01	0.49	<u>0.1977%</u>	<u>\$249</u>
TOTAL			247.89	100.00%	\$125,980

Composite General Benefit

Based on the general benefit values delineated in the three sections above, the total value of general benefits conferred on assessed parcels within the LHIZBID, the public at large and parcels outside the LHIZBID equates to \$2,275 (\$314 + \$1,508 + \$453) or 1.7801% of the total benefits. The 1.7801% will be conservatively rounded up to 2% or \$2,562. This leaves a value of 98% assigned to special benefit related costs. The general benefit value of \$2,562 when added to the special benefit value of \$125,528 (Year 1 –2021 assessments) equates to a total Year 1 – 2021 benefit value of \$128,090. Remaining costs that are attributed to general benefits, will need to be funded by other sources.

A breakdown of projected special and general benefits for each year of the proposed 5-year term is shown in the following Table:

5 Year Special + General Benefits
(Assumes 5% max rate increase per year)

YR		PROGRAM CATEGORY	SPECIAL BENEFITS	GENERAL BENEFITS	TOTAL BENEFITS	% OF TOTAL
1	2021	SIDEWALK OPERATIONS	\$88,000	\$1,796	\$89,796	70.1039%
		DISTRICT IDENTITY	\$10,000	\$204	\$10,204	7.9664%
		ADMINISTRATION SERVICES	\$27,528	\$562	\$28,090	21.9298%
		TOTAL	\$125,528	\$2,562	\$128,090	100.00%
2	2022	SIDEWALK OPERATIONS	\$92,400	\$1,886	\$94,286	70.1039%
		DISTRICT IDENTITY	\$10,500	\$214	\$10,714	7.9664%
		ADMINISTRATION SERVICES	\$28,904	\$590	\$29,494	21.9298%
		TOTAL	\$131,804	\$2,690	\$134,494	100.00%
3	2023	SIDEWALK OPERATIONS	\$97,020	\$1,980	\$99,000	70.1039%
		DISTRICT IDENTITY	\$11,025	\$225	\$11,250	7.9664%
		ADMINISTRATION SERVICES	\$30,349	\$620	\$30,969	21.9298%
		TOTAL	\$138,394	\$2,825	\$141,219	100.00%
4	2024	SIDEWALK OPERATIONS	\$101,871	\$2,079	\$103,950	70.1039%
		DISTRICT IDENTITY	\$11,576	\$236	\$11,812	7.9664%
		ADMINISTRATION SERVICES	\$31,866	\$651	\$32,517	21.9298%
		TOTAL	\$145,313	\$2,966	\$148,279	100.00%
5	2025	SIDEWALK OPERATIONS	\$106,965	\$2,183	\$109,148	70.1039%
		DISTRICT IDENTITY	\$12,155	\$248	\$12,403	7.9664%
		ADMINISTRATION SERVICES	\$33,459	\$684	\$34,143	21.9298%
		TOTAL	\$152,579	\$3,115	\$155,694	100.00%

LHIZBID WORK PLAN

Overview

The Programs and activities to be funded by the LHIZBID include maintenance, safety, image enhancement, streetscape beautification and operations. The property uses within the boundaries of the LHIZBID that will receive special benefits from LHIZBID funded programs, services and improvements are currently a unique mix of industrial, manufacturing, municipal, studio, retail and residential with mixed use housing developments, auto service and other neighborhood serving retail uses. LHIZBID funded activities are primarily designed to provide special benefits as described below to identified assessed parcels and array of land uses within the boundaries of the LHIZBID.

These benefits are particular and distinct to each and every identified assessed parcel within the LHIZBID and are not provided to non-assessed parcels outside of the LHIZBID. These programs, services and improvements will only be provided to each individual assessed parcel within the LHIZBID boundaries and, in turn, confer proportionate "special benefits" to each assessed parcel.

In the case of the LHIZBID, the very nature of the purpose of this LHIZBID is to fund supplemental programs, services and improvements to assessed parcels within the LHIZBID boundaries above and beyond what is being currently funded either via normal tax supported methods or other funding sources. The City of Los Angeles does not provide these supplemental programs and services. All benefits derived from the assessments to be levied on assessed parcels within the LHIZBID are for services, programs and improvements directly benefiting each individual assessed parcel within the LHIZBID. No LHIZBID funded services, activities or programs will be provided outside of the LHIZBID boundaries.

The total projected 5-year budget (special benefits) for 2021 – 2025 of the LHIZBID are shown in the Table on page 13 of this Report assuming a maximum increase of 5% per year, commensurate to special benefits received by each assessed parcel.

WORK PLAN DETAILS

The services to be provided by the LHIZBID include Sidewalk Operations, District Identity and Administration. Each of these work plan elements are designed to contribute to the cohesive commercial and mixed-use residential fabric and to ensure economic success and vitality of the LHIZBID. The assessed parcels in the LHIZBID will specially benefit from the LHIZBID programs in the form of increasing commerce and improving economic success and vitality through meeting the LHIZBID goals: to improve sanitation and beautification, minor landscaping, and to attract new and retain existing businesses and services, and ultimately to increase commerce and improve the economic viability of each individual assessed parcel.

The following programs, services and improvements are proposed by the LHIZBID to specially benefit each and every individually assessed parcel within the LHIZBID boundaries. LHIZBID services, programs and improvements will not be provided to parcels outside the LHIZBID boundary.

Sidewalk Operations

Sidewalk Operations is a term to define the cleanliness of the sidewalks in the proposed LHIZBID. Sidewalk Operations special benefit services include but are not limited to a landscaping, sanitation and a beautification work plan component encompassing services, personnel, trash disposal, sidewalk cleaning, graffiti removal and tree planting, maintenance and trimming.

- Landscaping Services includes landscaping care and weed removal services throughout the entire LHIZBID at the discretion of the property owners, at a frequency determined by the Owners Association.
- Sanitation Personnel will work on a regular basis sweeping up trash and litter from the sidewalks and gutters of the LHIZBID at a frequency determined by the Owners Association.
- Graffiti Removal entails receiving reports of and then quick removal of graffiti throughout the LHIZBID.

The goal of the Sidewalk Operations work plan component is to ensure that all identified assessed parcels are clean and well maintained, thereby creating an attractive LHIZBID for the special benefit of each and every assessed LHIZBID parcel. These supplemental services will assist in creating a clean and orderly environment for the special benefit of each assessed parcel in the LHIZBID. A dirty environment deters commerce and may fail to attract patrons and visitors, and reduce commercial rents and commercial occupancies. For the array of land uses within the LHIZBID (i.e. manufacturing, industrial, studio, restaurant, offices, parking, mixed-use residential), this work plan component is designed to increase pedestrian traffic, increase commerce and customer activity, attract and retain new business and patrons, and may increase commercial rents and commercial occupancies for the assessed parcels within the LHIZBID boundaries. Each assessed parcel will specially benefit from the Sidewalk Operations programs which will only be provided to, and for the direct benefit of, each identified assessed parcel within the LHIZBID boundaries.

District Identity

The District Identity component of the Special Benefits services strive to build the identity of the LHIZBID from where it is today. The District Identity services would include, but not be limited to:

- Maintaining and updating the website to promote available retail opportunities, identify properties for lease or for sale and promote the new programs that the LHIZBID will fund.
- Other programs that bring a positive light to the LHIZBID to benefit the individual parcel owners in the district.

In general, the District Identity component is designed to promote the image of LHIZBID to attract and increase pedestrian activity. This program helps meet the goals of business and service attraction and retention and increased commerce.

The Owners’ Association will continue to use its website to promote the assessed LHIZBID parcels in an effort to increase awareness of the District as a destination for consumers and tenants and increase occupancy and commerce on the assessed parcels. The website is designed to provide visitors information about the proposed Lincoln Heights Industrial Zone BID and comply with the open meetings and records provisions of the Brown Act.

Administration Services

The Administration component includes activities such as: personnel, operations, professional services (e.g. legal, accounting, insurance), production of the Annual Planning Report and Budget, preparation for the regular and Annual Board meetings, preparation of taxes, City required quarterly reports, facilitation of meetings of the Owners’ Association, Brown Act compliance, outreach to LHIZBID property and business owners, and participation in professional peer/best practice forums such as the Los Angeles Business Improvement District Consortium, the California Downtown Association or the International Downtown Association. It may also ongoing government fees and the costs associated with LHIZBID renewal.

The Administration Services component is key to the proper expenditure of LHIZBID assessment funds and the administration of LHIZBID programs and activities for the special benefit of all parcels and land uses within the LHIZBID. The Administration work plan component exists only for the purposes of the LHIZBID and directly relates to the implementation of cleaning and beautification, district identity and improvement programs and services, which specially benefit each identified assessed parcel within the LHIZBID boundaries.

In summary, all LHIZBID funded services, programs and improvements described above confer special benefits to identified assessed parcels inside the LHIZBID boundaries and none will be provided outside of the LHIZBID. Each assessed parcel within the LHIZBID will proportionately specially benefit from the Sidewalk Operations, District Identity and Administration Services components of the Management Plan. All LHIZBID funded services programs 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 each assessed parcel within the boundaries of the LHIZBID.

WORK PLAN BUDGET

Each identified assessed parcel within the LHIZBID will be assessed the full amount of the proportionate special benefit conferred upon it based on the level of LHIZBID funded services provided. The projected LHIZBID program cost allocation (special benefit) budget for Year 1 (2021) is shown in the following Table:

LHIZBID Year 1 (2021) Special Benefit Assessment Budget

WORK PLAN CATEGORY	ALLOCATION	%
Sidewalk Operations	\$88,000	70.1039%
District Identity	\$10,000	7.9664%
Administration Services	\$27,528	21.9298%
TOTAL	\$125,528	100%

In order to carry out the LHIZBID programs outlined in the previous section, a Year 1 assessment budget of \$125,528 is projected. Since the LHIZBID is planned for a 5-year term, projected program costs for future years (Years 2-5) are set at the inception of the LHIZBID. While future inflationary and other program cost increases are unknown at this point, a built in maximum increase of 5% per annum, commensurate to special benefits received by each assessed parcel, is incorporated into the projected program costs and assessment rates for the 5-year LHIZBID term. It is noted that the 5% maximum annual rate increase is deemed necessary in order to offset substantial service and improvement cost increases projected over the next several years and to provide levels of service and types of improvements expected and requested by LHIZBID stakeholders. Carryovers, if any, may be reapportioned the following year for related programs, services and improvements. Detailed annual budgets will be prepared by the Owner’s Association Board and included in an Annual Plan for the Los Angeles City Council’s review and approval.

It is recognized that market conditions may cause the cost of providing goods and services to fluctuate from year to year during the 5-year term of the proposed LHIZBID. Accordingly, the Owners’ Association shall have the ability to reallocate up to 10% of any budget line item within the budget categories based on such cost fluctuations in accordance with City policy and subject to the review and approval by the Owners’ Association 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. Any accrued interest or delinquent payments may be expended in any budget category in accordance with City policy. A 5-year projected LHIZBID budget is shown in the following Table:

YEAR 1-5 PROJECTED LHIZBID ASSESSMENT BUDGET SUMMARY (Special Benefits)
 (Assumes 5% max rate increase per year)

YEAR		SIDEWALK OPERATIONS	DISTRICT IDENTITY	ADMINISTRATION SERVICES	TOTAL
		70.1039%	7.9664%	21.9298%	100%
1	2021	\$88,000	\$10,000	\$27,528	\$125,528
2	2022	\$92,400	\$10,500	\$28,904	\$131,804
3	2023	\$97,020	\$11,025	\$30,349	\$138,394
4	2024	\$101,871	\$11,576	\$31,866	\$145,313
5	2025	\$106,965	\$12,155	\$33,459	\$152,579

The LHIZBID assessments may increase for each individual parcel each year during the 5-year effective operating period, but not to exceed 5% per year, commensurate to special benefits received by each assessed parcel, and must be approved by the Owners’ Association Board of Directors, included in the Annual Planning Report and adopted by the Los Angeles City Council. Any accrued interest and delinquent payments will be expended within the budgeted categories. The Owners’ Association Board of the Directors (“Property Owner’s Association of the LHIZBID) shall determine the percentage increase to the annual assessment and the methodology employed to determine the amount of the increase. The Owners’ Association Executive Director shall communicate the annual increase to the City each year in which the LHIZBID operates at a time determined in the Administration Contract held between the Owners’ Association and the City of Los Angeles.

No bonds are to be issued in conjunction with the proposed LHIZBID.

Pursuant to Section 36671 of the Streets and Highways Code, any funds remaining after the 5th year of operation may be rolled over into the renewal budget in accordance with City policy or returned to stakeholders. LHIZBID assessment funds may be used to pay for costs related to the following LHIZBID renewal term. If the LHIZBID is not renewed or is terminated for any reason, unexpended/unencumbered 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 assessed parcel within the LHIZBID 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 proposed LHIZBID (i.e. Sidewalk Operations, District Identity and Administration). It is the opinion of this Assessment Engineer that the assessment factors on which to base assessment rates relate directly to the proportionate amount of building area and land area within one 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 assessed parcel within the LHIZBID. Larger buildings and parcels are expected to impact the demand for services and programs to a greater extent than smaller building and parcels and thus, are assigned a greater proportionate degree of assessment program and service costs. The proportionality is further achieved by setting targeted formula component weights for the respective parcel by parcel identified property attributes.

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

and activity costs) is computed by dividing the individual parcel assessment by the total special benefit program costs.

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 proposed LHIZBID, they are also considerably less than other options considered by the LHIZBID Renewal Committee. The actual assessment rates for each parcel within the LHIZBID directly relate to the level of service and, in turn, special benefit to be conferred on each parcel based on the respective building area and land area of each parcel within one benefit zone.

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

The State Constitution - Article 13D (Proposition 218) states that “parcels within a District that are owned or used by any agency, the State of California or the United States shall not be exempt from assessment unless the agency can demonstrate by clear and convincing evidence that those publicly-owned parcels in fact receive no special benefit.”

There are 18 public/quasi-publicly owned parcels within the LHIZBID of which 14 are identified as assessable as determined by this Assessment Engineer. Of the 14 assessable parcels, 5 are owned by the City of Los Angeles and 9 are owned by the Los Angeles Department of Water and Power.

These 14 identified and assessable publicly owned parcels and facilities within LHIZBID will proportionately specially benefit as delineated herein from the LHIZBID funded supplemental services, programs and improvements. It is the opinion of this Assessment Engineer that publicly owned parcels and public facilities specially benefit to the same extent as privately owned parcels from LHIZBID funded services, programs and improvements.

LHIZBID services are designed to improve the cleanliness and image of all assessed parcels in the LHIZBID, including the 14 identified publicly owned parcels and facilities by reducing litter and debris, each considered detractions to employment, visitation and use of public facilities if not contained and properly managed. In turn, these services will serve to enhance the public purpose provided by public facilities and parcels within the LHIZBID.

There is no compelling evidence that these 14 identified assessable publicly owned parcels and facilities would not proportionately specially benefit from LHIZBID funded programs, services and improvements as delineated herein and, thus, will be assessed similar to privately owned parcels.

The 4 non-identified, non-assessable public/quasi-publicly owned parcels within the LHIZBID, 2 owned by LAMTA and 2 by Union Pacific Railway Company, as well as special circumstances regarding a 4th parcel owned by the City of Los Angeles, are discussed below:

1. APN 5205-003-802 (UP RR owned active RR ROW):

This parcel is part of a fragmented public/quasi-publicly owned ROW corridor for an active commuter rail line. From an assessment viewpoint, rail lines/ROWs, public utility ROWs and public streets are not conferred special benefits from LHIZBID activities, services and improvements and thus, are not assessed. Based on this finding, this parcel shall be exempt from LHIZBID assessments.

2. APN 5205-003-902 (LAMTA owned active RR ROW):

This parcel is part of a fragmented public/quasi-publicly owned ROW corridor for an active commuter rail line. From an assessment viewpoint, rail lines/ROWs, public utility ROWs and public streets are not conferred special benefits from LHIZBID activities, services and improvements and thus, are not assessed. Based on this finding, this parcel shall be exempt from LHIZBID assessments.

3. APN 5205-012-802 (UP RR owned abandoned RR ROW):

This parcel was part of a fragmented public/quasi-publicly owned ROW corridor for an abandoned rail line. This triangular fragment now lies within the street right of way at the intersection of Humboldt Street and Avenue 26. From an assessment viewpoint, rail lines/ROWs, public utility ROWs and public streets are not conferred special benefits from LHIZBID activities, services and improvements and thus, are not assessed. Based on this finding, this parcel shall be exempt from LHIZBID assessments.

4. APN 5205-012-903 (LAMTA owned active RR ROW):

This parcel is part of a fragmented public/quasi-publicly owned ROW corridor for an active commuter rail line. From an assessment viewpoint, rail lines/ROWs, public utility ROWs and public streets are not conferred special benefits from LHIZBID activities, services and improvements and thus, are not assessed. Based on this finding, this parcel shall be exempt from LHIZBID assessments.

5. APN 5205-002-901 (City owned Lacy Street Neighborhood Park):

Most of this parcel is occupied by Lacy Street Neighborhood Park with a small portion to the east fenced off for portable storage buildings. A freeway onramp runs parallel to the northern edge of this parcel. The slope adjacent to the Park is fully landscaped and a usable and accessible part of Lacy Park with a Caltrans fence positioned at the top of the slope. The slope area adjacent to the non-Park portion of this parcel is also fenced by Caltrans at the top of the slope, not the bottom. Based on the “accessibility” to the slope area from both portions of this parcel, the finding of this Assessment Engineer is that the slope area is conferred the same level of LHIZBID related special benefits that the non-slope area does and thus, should be assessed for the 6,260 sq ft slope area. The resulting gross parcel assessed land area should be 34,900 sq ft.

The Table below lists all public/quasi-publicly owned parcels within the proposed LHIZBID and their Year 1 assessment amounts:

LHIZBID Public/Quasi-Publicly Owned parcels

APN	Legal Owner	Site Street	Year 1 Assessment	% of Total
5205 002 901	City of Los Angeles	*no Site Address*	\$1,047.00	0.83%
5205 002 902	City of Los Angeles	*no Site Address*	\$6,043.05	4.81%
5205 003 901	City of Los Angeles	*no Site Address*	\$2,691.99	2.14%
5205 012 900	City of Los Angeles	*no Site Address*	\$862.50	0.69%
5205 012 901	City of Los Angeles	*no Site Address*	\$405.09	0.32%
TOTAL			\$11,049.63	8.80%

LINCOLN HEIGHTS INDUSTRIAL ZONE BID – ASSESSMENT ENGINEER’S REPORT

5205 009 900	L A City Dept Of Water & Power	301 W Avenue 26	\$4,443.12	3.54%
5205 009 901	L A City Dept Of Water & Power	*no Site Address*	\$823.26	0.66%
5205 010 900	L A City Dept Of Water & Power	*no Site Address*	\$3,537.73	2.82%
5205 010 901	L A City Dept Of Water & Power	2665 Artesian St	\$2,182.91	1.74%
5205 010 902	L A City Dept Of Water & Power	*no Site Address*	\$437.25	0.35%
5205 010 903	L A City Dept Of Water & Power	2633 Artesian St	\$222.00	0.18%
5205 010 904	L A City Dept Of Water & Power	*no Site Address*	\$222.00	0.18%
5205 010 905	L A City Dept Of Water & Power	2633 Artesian St	\$222.00	0.18%
5205 010 906	L A City Dept Of Water & Power	*no Site Address*	\$2,064.75	1.64%
		TOTAL	\$14,155.02	11.28%
5205 003 902	LAMTA	*no Site Address*	\$0.00	0.00%
5205 012 903	LAMTA	*no Site Address*	\$0.00	0.00%
		TOTAL	\$0.00	0.00%
5205 003 802	UNION PACIFIC	*no Site Address*	\$0.00	0.00%
5205 012 802	UNION PACIFIC	*no Site Address*	\$0.00	0.00%
		TOTAL	\$0.00	0.00%
		GRAND TOTAL	\$25,016.85	20.08%

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 proposed LHIZBID.

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 in Appendix 1 to the Management District Plan and this Report. The proposed LHIZBID and resultant assessment levies will continue for 5-years and may be renewed again at that time. The reasons (purposes) for the proposed assessments are outlined in Finding 2 above as well as in the Management District Plan. The calculation basis of the proposed assessment is attributed to building area and land area.

Assessment Formula Methodology

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

Background - Assessment Formula Development

The method used to determine special benefits derived by each identified assessed property within a PBID begins with the selection of a suitable and tangible basic benefit unit. For property related

services, such as those proposed in the LHIZBID, the benefit unit may be measured in linear feet of 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 PBID in order to determine any levels of different benefit that 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, LHIZBID administration and ancillary program costs, are estimated. It is noted, as stipulated in Article XIID Section 4(b) of the California Constitution, and now required of all property-based assessment Districts, indirect or general benefits costs may not be incorporated into the assessment formula and levied on the LHIZBID 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 also no longer automatically exempts publicly 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. (See pages 15-17 of this Report for discussion regarding assessment of publicly owned parcels within the LHIZBID).

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 PBID.

The method and basis of spreading program costs varies from one PBID to another based on local geographic conditions, types of programs and activities proposed, and size and development complexity of the PBID.

LHIZBID Assessment Formula

Based on the specific needs and corresponding nature of the program activities to be funded by the proposed LHIZBID (i.e. maintenance, safety, image enhancement, streetscape beautification and operations) it is the opinion of this Assessment Engineer that the assessment factors on which to base assessment rates relate directly to the proportionate amount of building area and land area within one benefit zone.

The “Basic Benefit Units” will be expressed as a combined function of gross building square footage (Benefit Unit “A”), land square footage (Benefit Unit “B”) and residential condominium interior building area (Benefit Unit “C”). Based on the shape of the proposed LHIZBID, as well as the nature of the LHIZBID 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 building area and land area within one benefit zone.

For the array of land uses within the LHIZBID, the interactive application of building and land area quantities are a proven method of fairly and equitably spreading special benefit costs to these beneficiaries of LHIZBID funded services, programs and improvements. Each of these factors directly relates to the degree of special benefit each assessed parcel will receive from LHIZBID funded activities. There are no parcels zoned solely residential within LHIZBID.

Building area (Benefit Unit A) is a direct measure of the static utilization of each parcel and its corresponding impact or draw on LHIZBID funded activities. In the opinion of this Assessment Engineer, the targeted weight of this factor, building area, should generate approximately 25% of the total LHIZBID revenue (26.686928% when adjusted for precise parcel measurements and program costs).

Land area (Benefit Unit B) is a direct measure of the current and future development capacity of each parcel and its corresponding impact or draw on LHIZBID funded activities. In the opinion of this Assessment Engineer, the targeted weight of this factor, land area, should generate approximately 70% of the total LHIZBID revenue (67.669699% when adjusted for precise parcel measurements and program costs).

Residential condominium building area (Benefit Unit C) is a direct measure of the static utilization of each residential condominium parcel and its corresponding impact or draw on LHIZBID funded activities. In the opinion of this Assessment Engineer, the targeted weight of this factor, residential condominium building area, should generate approximately 5% of the total LHIZBID revenue (5.643374% when adjusted for precise parcel measurements and program costs).

Special Circumstances

1. APN 5205-010-010 There is a small two story structure on this auto sales related parcel used to “stack” vehicle inventory. It is the opinion of this Assessment Engineer that this structure does not equate to assessable “building area” and thus, will not be assessed.

2. Residential Condominium Unit Parcels

Residential condominium unit building square footage is defined as the livable building square footage within the walls of the residential condominium unit. The land area that the entire condominium complex is built upon shall be proportionally allocated to each individual condominium parcel by dividing the total complex land area by the number of condominium units in the entire complex.

3. Changes to Building or Parcel Size

Any changes in building size and/or parcel size as a result of new construction or demolition or land adjustments including but not limited to lot splits, consolidations, subdivisions, street dedications, right of way setbacks shall have their assessment adjusted upon final City approval of such parcel adjustments.

4. Other 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 increase for any given parcel if such an increase 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 rates other than as stipulated in this Plan would require a new Proposition 218 ballot procedure in order to approve any such changes.

Step 2. Quantify Total Basic Benefit Units

Taking into account all identified specially benefiting parcels within the LHIZBID and their respective assessable benefit units, the rates, cumulative quantities and assessment revenues by factor are shown in the following Tables:

Year 1 – 2021 - Assessable Benefit Units

BLDG AREA (SF)	LAND AREA (SF)	RESIDEN CONDO BLDG AREA (SF)	# OF PARCELS	# OF ASSESSABLE PARCELS	# OF RESID CONDOS
1,339,980	2,831,475	177,100	250	247	167

Year 1 – 2021 Projected Assessment Revenue

BLDG AREA ASSMT REVENUE	LAND AREA ASSMT REVENUE	RESID CONDO BLDG AREA REVENUE	SUBTOTAL ASSMT REVENUE
\$33,499.50	\$84,944.25	\$7,084.00	\$125,527.75
26.686928%	67.669699%	5.643374%	100.00%

Step 3. Calculate Benefit Units for Each Property.

The number of Benefit Units for each identified benefiting parcel within the proposed LHIZBID was computed from data extracted from County Assessor records and maps. These data sources delineate current land uses, building areas, property areas and dimensions of record for each tax parcel. While it is understood that this data does not represent legal field survey measurements or detailed title search of recorded land subdivision maps or building records, it does provide an acceptable basis for the purpose of calculating property-based assessments. All respective property data being used for assessment

computations will be provided to each property owner in the LHIZBID for their review. If a property owner believes there is an error on a parcel’s assessed footages, the LHIZBID may confirm the data with the County Assessor’s office. If LHIZBID data matches Assessor’s data, the property owner may opt to work with the Assessor’s office to correct the data so that the LHIZBID assessment may be corrected.

Step 4. Determine Assessment Formula

Based on the nature of the programs to be funded as well as other rationale outlined in Step 1 above, it is the opinion of this Engineer that the LHIZBID assessments will be based on building area and land area.

The proposed assessment formula for non-residential non-condominium parcels is as follows:

$$\text{Assessment} = \text{Building Area (Unit A) Sq Ft x Unit A Rate, plus} \\ \text{Land Area (Unit B) Sq Ft x Unit B Rate;}$$

The proposed assessment formula for residential condominium parcels is as follows:

$$\text{Assessment} = \text{Residential Condominium Building Area (Unit C) Sq Ft x Unit C Rate, plus} \\ \text{Pro-rated Land Area (Unit B) Sq Ft x Unit B Rate;}$$

YEAR 1 –2021 Assessment Rates

BLDG ASSMT RATE (\$/SF)	LAND ASSMT RATE (\$/SF)	RESIDENTIAL CONDO BUILDING AREA ASSMT RATE (\$/SF)
\$0.025	\$0.03	\$0.04

The complete Year 1 – 2021 assessment roll of all parcels to be assessed by this LHIZBID is included in this Plan as Appendix I.

Assessment Formula Unit Rates

Using figures from the Assessable Benefit Units Table and the Projected Assessment Revenue Table on page 20 of this Report, the assessment rates and weighted multipliers for each factor are calculated as follows:

Building Area Rate (Unit A)

$$(\$125,527.75 \times 26.686928\%)/1,339,980 \text{ units} = \$0.025/\text{sq ft building area}$$

Land Area Rate (Unit B)

$$(\$125,527.75 \times 67.669699\%) / 2,831,475 \text{ units} = \$0.03/\text{sq ft land area}$$

Residential Condominium Building Area Rate (Unit C)

$$(\$125,527.75 \times 5.643374\%) / 177,100 \text{ units} = \$0.04/\text{sq ft resid. condo bldg. area}$$

SAMPLE ASSESMENT CALCULATIONS

1. The assessment for non-residential non-condominium parcels is calculated as follows:

A 5,000 sq. ft. land area with 2,500 sq. ft. building (measured along exterior walls)

$$\begin{array}{ll} 5,000 \text{ sq ft land} \times \$0.03/\text{sq ft} & = \$ 150.00 \\ 2,500 \text{ sq ft bldg.} \times \$0.025/\text{sq ft} & = \underline{\$ 62.50} \end{array}$$

$$\text{TOTAL YEAR 1 ASSESSMENT} = \underline{\underline{\$ 212.50}}$$

2. The assessment for a residential condominium parcel is calculated as follows:

731 sq. ft. apportioned land area with 1,000 sq. ft. of residential condominium building area (measured along interior walls). The individual pro-rated parcel land area has been determined by dividing the total condominium development land area by the number of residential condominiums in the whole complex.

$$\begin{array}{ll} 731 \text{ sq ft land} \times \$0.03/\text{sq ft} & = \$ 21.93 \\ 1,000 \text{ sq ft condo bldg. area} \times \$0.04/\text{sq ft} & = \underline{\$ 40.00} \end{array}$$

$$\text{TOTAL YEAR 1 ASSESSMENT} = \underline{\underline{\$ 61.93}}$$

Step 5. Estimate Total LHIZBID Costs

The total projected 5-year budget (special benefits) for 2021 – 2025 of the LHIZBID are shown in the Table on page 13 of this Report assuming a maximum increase of 5% per year, commensurate to special benefits received by each assessed parcel.

Step 6. Separate General Benefits from Special Benefits and Related Costs (Article XIID Section 4(b) of the California Constitution – Proposition 218)

Total Year 1 benefits are estimated at \$128,090. General benefits are factored at 2.0% of the total benefits (see Finding 2 on pages 5-9 of this Report) with special benefits set at 98%. Article XIID Section 4(b) of the California Constitution limits the levy of property assessments to costs attributed to special benefits only. The 2% general benefit cost is computed to be \$2,562 with a resultant 98% special benefit limit computed at \$125,528. Based on current property data and land uses, this is the maximum amount of Year 1 (2021) revenue that can be derived from property assessments from the subject District.

All program costs associated with general benefits will be funded from sources other than LHIZBID assessments.

Step 7. Calculate “Basic Unit Cost” For Years 1-5

With a YR 1 - 2021 assessment revenue portion of the budget set at \$125,528 (special benefit only), the Basic Unit Costs (rates) are shown earlier in Step 4. Since the LHIZBID is proposed to be established for a 5-year term, maximum assessments for future years (2022-2025) must be set at the inception of the proposed LHIZBID. An annual inflationary assessment rate increase of up to 5%, commensurate to special benefits received by each assessed parcel, may be imposed for future year assessments, on approval by the LHIZBID Property Owner’s Association. The maximum assessment rates for the 5-year proposed LHIZBID term of 2021-2025 are shown in the Table below. The assessment rates listed constitute the maximum assessment rates that may be imposed for each year of the proposed LHIZBID term (2021-2025).

**LHIZBID – 5 Year Maximum Assessment Rates
(Includes a 5%/Yr. Max Increase)**

BLDG AREA ASSMT RATE (\$/SQ FT)	LAND AREA ASSMT RATE (\$/SQ FT)	RESID CONDO BLDG AREA RATE (\$/LF)
<u>YR 1 - 2021</u>		
\$0.0250	\$0.0300	\$0.0400
<u>YR 2 - 2022</u>		
\$0.0263	\$0.0315	\$0.0420
<u>YR 3 - 2023</u>		
\$0.0276	\$0.0331	\$0.0441
<u>YR 4 - 2024</u>		
\$0.0290	\$0.0348	\$0.0463

<u>YR 5 - 2025</u>		
\$0.0305	\$0.0365	\$0.0486

Step 8. Spread the Assessments

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

Miscellaneous LHIZBID Provisions

Time and Manner of Collecting Assessments:

Assessments for the Property Tax Year beginning July 1, 2020 and ending June 30, 2025, shall be collected at the same time and in the same manner as ad valorem taxes paid to the Los Angeles County (Operation Years 2021-2025). The LHIZBID assessments shall appear as a separate line item on the property tax bills issued by the Los Angeles County Assessor. 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.

Bonds:

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

Duration

As allowed by State PBID Law, the LHIZBID will have a five (5) year operational term from January 1, 2021 to December 31, 2025. The proposed LHIZBID operation is expected to begin services on January 1, 2021. If the LHIZBID is not renewed at the end of its proposed 5 year term, services will end on December 31, 2025.

APPENDIX 1

LHIZBID YR 1 – 2021 ASSESSMENT ROLL

LINCOLN HEIGHTS INDUSTRIAL ZONE BID – ASSESSMENT ENGINEER’S REPORT

APN	YEAR 1 - 2021 ASSMT	% OF TOTAL
5205 002 901	\$1,047.00	0.83%
5205 002 902	\$6,043.05	4.81%
5205 003 006	\$5,283.43	4.21%
5205 003 008	\$4,138.70	3.30%
5205 003 802	\$0.00	0.00%
5205 003 901	\$2,691.99	2.14%
5205 003 902	\$0.00	0.00%
5205 004 003	\$1,203.47	0.96%
5205 004 005	\$231.73	0.18%
5205 004 007	\$1,207.30	0.96%
5205 004 010	\$3,267.00	2.60%
5205 004 011	\$6,930.11	5.52%
5205 005 005	\$155.47	0.12%
5205 005 006	\$82.32	0.07%
5205 005 007	\$75.78	0.06%
5205 005 008	\$425.25	0.34%
5205 005 009	\$143.73	0.11%
5205 005 010	\$143.73	0.11%
5205 005 011	\$179.93	0.14%
5205 005 012	\$143.73	0.11%
5205 005 013	\$228.73	0.18%
5205 005 014	\$167.08	0.13%
5205 005 021	\$238.98	0.19%
5205 005 022	\$138.05	0.11%
5205 005 023	\$125.19	0.10%
5205 005 024	\$377.01	0.30%
5205 005 025	\$175.03	0.14%
5205 005 026	\$203.73	0.16%
5205 005 027	\$202.73	0.16%
5205 005 028	\$176.38	0.14%
5205 005 035	\$143.73	0.11%
5205 005 040	\$620.64	0.49%
5205 005 043	\$1,108.15	0.88%
5205 005 044	\$100.62	0.08%
5205 005 045	\$113.67	0.09%
5205 005 046	\$418.65	0.33%
5205 005 048	\$143.85	0.11%
5205 005 049	\$1,008.00	0.80%
5205 006 012	\$278.66	0.22%
5205 006 029	\$130.15	0.10%
5205 006 030	\$127.55	0.10%
5205 006 053	\$8,514.69	6.78%
5205 006 059	\$6,914.49	5.51%
5205 009 003	\$5,081.00	4.05%
5205 009 900	\$4,443.12	3.54%
5205 009 901	\$823.26	0.66%
5205 010 002	\$879.94	0.70%
5205 010 009	\$185.67	0.15%
5205 010 010	\$41.46	0.03%
5205 010 900	\$3,537.73	2.82%
5205 010 901	\$2,182.91	1.74%
5205 010 902	\$437.25	0.35%

5205 010 903	\$222.00	0.18%
5205 010 904	\$222.00	0.18%
5205 010 905	\$222.00	0.18%
5205 010 906	\$2,064.75	1.64%
5205 011 003	\$1,375.65	1.10%
5205 011 005	\$2,765.20	2.20%
5205 011 006	\$437.04	0.35%
5205 011 008	\$1,577.73	1.26%
5205 011 009	\$285.00	0.23%
5205 011 012	\$4,806.30	3.83%
5205 012 007	\$3,804.76	3.03%
5205 012 008	\$6,456.76	5.14%
5205 012 010	\$73.13	0.06%
5205 012 011	\$73.13	0.06%
5205 012 012	\$73.13	0.06%
5205 012 013	\$73.13	0.06%
5205 012 014	\$73.13	0.06%
5205 012 015	\$73.13	0.06%
5205 012 016	\$81.93	0.07%
5205 012 017	\$73.53	0.06%
5205 012 019	\$47.13	0.04%
5205 012 020	\$47.53	0.04%
5205 012 021	\$47.13	0.04%
5205 012 022	\$46.73	0.04%
5205 012 023	\$61.93	0.05%
5205 012 025	\$81.93	0.07%
5205 012 026	\$73.13	0.06%
5205 012 027	\$73.13	0.06%
5205 012 028	\$73.13	0.06%
5205 012 029	\$73.13	0.06%
5205 012 030	\$73.13	0.06%
5205 012 031	\$81.93	0.07%
5205 012 032	\$73.53	0.06%
5205 012 033	\$61.93	0.05%
5205 012 034	\$47.13	0.04%
5205 012 038	\$61.93	0.05%
5205 012 039	\$73.53	0.06%
5205 012 040	\$81.93	0.07%
5205 012 041	\$47.53	0.04%
5205 012 042	\$47.13	0.04%
5205 012 043	\$47.13	0.04%
5205 012 044	\$47.13	0.04%
5205 012 045	\$47.13	0.04%
5205 012 046	\$75.93	0.06%
5205 012 047	\$47.13	0.04%
5205 012 048	\$47.13	0.04%
5205 012 049	\$81.93	0.07%
5205 012 050	\$73.53	0.06%
5205 012 052	\$47.13	0.04%
5205 012 054	\$47.13	0.04%
5205 012 055	\$47.13	0.04%
5205 012 056	\$61.93	0.05%
5205 012 057	\$73.53	0.06%
5205 012 058	\$81.93	0.07%

LINCOLN HEIGHTS INDUSTRIAL ZONE BID – ASSESSMENT ENGINEER’S REPORT

5205 012 059	\$47.13	0.04%
5205 012 060	\$47.13	0.04%
5205 012 061	\$75.93	0.06%
5205 012 062	\$47.13	0.04%
5205 012 063	\$47.13	0.04%
5205 012 064	\$47.13	0.04%
5205 012 065	\$47.13	0.04%
5205 012 067	\$53.13	0.04%
5205 012 068	\$47.13	0.04%
5205 012 069	\$47.13	0.04%
5205 012 070	\$75.93	0.06%
5205 012 071	\$53.53	0.04%
5205 012 072	\$53.53	0.04%
5205 012 073	\$81.93	0.07%
5205 012 074	\$73.53	0.06%
5205 012 075	\$61.93	0.05%
5205 012 076	\$47.13	0.04%
5205 012 077	\$47.13	0.04%
5205 012 078	\$47.13	0.04%
5205 012 079	\$47.13	0.04%
5205 012 080	\$61.93	0.05%
5205 012 081	\$73.53	0.06%
5205 012 082	\$81.93	0.07%
5205 012 083	\$53.13	0.04%
5205 012 084	\$53.13	0.04%
5205 012 085	\$75.93	0.06%
5205 012 086	\$47.13	0.04%
5205 012 087	\$47.13	0.04%
5205 012 090	\$61.53	0.05%
5205 012 091	\$61.53	0.05%
5205 012 092	\$81.93	0.07%
5205 012 093	\$73.53	0.06%
5205 012 094	\$61.53	0.05%
5205 012 095	\$61.53	0.05%
5205 012 096	\$76.33	0.06%
5205 012 097	\$68.33	0.05%
5205 012 098	\$68.33	0.05%
5205 012 099	\$68.33	0.05%
5205 012 100	\$68.33	0.05%
5205 012 101	\$73.13	0.06%
5205 012 102	\$71.93	0.06%
5205 012 103	\$71.93	0.06%
5205 012 104	\$71.93	0.06%
5205 012 105	\$71.93	0.06%
5205 012 106	\$73.53	0.06%
5205 012 107	\$81.93	0.07%
5205 012 108	\$61.53	0.05%
5205 012 109	\$61.53	0.05%
5205 012 110	\$62.73	0.05%
5205 012 111	\$63.13	0.05%

5205 012 113	\$61.53	0.05%
5205 012 114	\$81.93	0.07%
5205 012 115	\$73.53	0.06%
5205 012 116	\$61.53	0.05%
5205 012 117	\$61.53	0.05%
5205 012 118	\$76.33	0.06%
5205 012 119	\$68.33	0.05%
5205 012 120	\$68.33	0.05%
5205 012 121	\$68.33	0.05%
5205 012 122	\$68.33	0.05%
5205 012 123	\$73.13	0.06%
5205 012 124	\$47.13	0.04%
5205 012 125	\$73.53	0.06%
5205 012 126	\$81.93	0.07%
5205 012 127	\$61.53	0.05%
5205 012 128	\$61.53	0.05%
5205 012 129	\$62.73	0.05%
5205 012 131	\$61.53	0.05%
5205 012 132	\$61.53	0.05%
5205 012 133	\$81.93	0.07%
5205 012 134	\$73.53	0.06%
5205 012 136	\$61.53	0.05%
5205 012 137	\$76.33	0.06%
5205 012 138	\$68.33	0.05%
5205 012 139	\$68.33	0.05%
5205 012 140	\$68.33	0.05%
5205 012 141	\$68.33	0.05%
5205 012 142	\$73.13	0.06%
5205 012 143	\$47.13	0.04%
5205 012 144	\$47.13	0.04%
5205 012 145	\$47.13	0.04%
5205 012 146	\$47.53	0.04%
5205 012 147	\$47.13	0.04%
5205 012 148	\$73.53	0.06%
5205 012 149	\$81.93	0.07%
5205 012 150	\$61.53	0.05%
5205 012 151	\$61.53	0.05%
5205 012 152	\$62.73	0.05%
5205 012 153	\$63.13	0.05%
5205 012 154	\$61.53	0.05%
5205 012 155	\$61.53	0.05%
5205 012 156	\$81.93	0.07%
5205 012 157	\$73.53	0.06%
5205 012 159	\$61.53	0.05%
5205 012 160	\$76.33	0.06%
5205 012 161	\$81.93	0.07%
5205 012 162	\$81.93	0.07%
5205 012 163	\$81.93	0.07%
5205 012 164	\$81.93	0.07%
5205 012 165	\$73.13	0.06%

LINCOLN HEIGHTS INDUSTRIAL ZONE BID – ASSESSMENT ENGINEER’S REPORT

5205 012 168	\$68.33	0.05%
5205 012 170	\$68.33	0.05%
5205 012 171	\$73.53	0.06%
5205 012 172	\$81.93	0.07%
5205 012 173	\$61.53	0.05%
5205 012 175	\$80.73	0.06%
5205 012 176	\$80.73	0.06%
5205 012 177	\$47.53	0.04%
5205 012 178	\$61.53	0.05%
5205 012 179	\$63.13	0.05%
5205 012 180	\$53.13	0.04%
5205 012 181	\$46.73	0.04%
5205 012 182	\$46.73	0.04%
5205 012 183	\$53.13	0.04%
5205 012 184	\$68.33	0.05%
5205 012 185	\$61.93	0.05%
5205 012 186	\$68.33	0.05%
5205 012 187	\$68.33	0.05%
5205 012 188	\$61.53	0.05%
5205 012 189	\$61.93	0.05%
5205 012 190	\$61.53	0.05%
5205 012 191	\$47.13	0.04%
5205 012 192	\$53.53	0.04%
5205 012 193	\$61.53	0.05%
5205 012 194	\$73.53	0.06%
5205 012 802	\$0.00	0.00%
5205 012 900	\$862.50	0.69%
5205 012 901	\$405.09	0.32%
5205 012 903	\$0.00	0.00%
5205 013 009	\$7,360.09	5.86%
5205 014 001	\$313.45	0.25%
5205 014 002	\$218.53	0.17%
5205 014 013	\$534.83	0.43%
5205 014 014	\$206.93	0.16%
5205 014 015	\$229.30	0.18%
5205 014 016	\$227.80	0.18%
5205 014 019	\$244.88	0.20%
5205 014 020	\$160.35	0.13%
5205 014 021	\$3,449.56	2.75%
5205 015 012	\$1,125.60	0.90%
5205 015 014	\$740.13	0.59%
5205 015 015	\$635.87	0.51%
5205 015 016	\$224.88	0.18%
5205 017 015	\$615.74	0.49%
5205 017 028	\$324.96	0.26%
	\$125,527.75	100%

APPENDIX 2

LHIZBID BOUNDARY MAP

Lincoln Heights Industrial Zone Business Improvement District



