



May 2, 2012

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

Council District 4

REGARDING: LARCHMONT VILLAGE PROPERTY BUSINESS IMPROVEMENT
DISTRICT RENEWAL

Honorable Members:

The City Clerk has received materials from the owners' association relative to a request for formation of a proposed property and business improvement district to be called the Larchmont Village Property Business Improvement District ("District"). The District would be formed pursuant to the provisions of the Property and Business Improvement District Law of 1994 (Section 36600 et seq., Streets and Highways Code, State of California).

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

BACKGROUND

The District originally established through adoption of City Ordinance 171684 on August 5, 1997, started its second operational term on January 1, 2003 and is set to expire on December 31, 2012. The Property and Business Improvement District Law of 1994 (Section 36600 et seq., Streets and Highways Code, State of California) ("State Law") allows for business improvement districts to renew by completing the same formation steps as the original establishment. This District is being reestablished in accordance with the provisions of State Law, which allows for the establishment of a district in which operations would be supported by revenue collected from property owners in the district.

The proposed District programs include, but are not limited to the following: Streetscape Services, Marketing/Promotions, Physical Amenities, Administration/Operations and Contingency/Special Fees/Reserve.

PRELIMINARY PETITIONS

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

The petitions received indicate affirmative financial support of the project in an amount equivalent to \$79,320.09. This represents 66.10 percent (66.10%) of the proposed District's projected first year assessment revenue of \$120,000.00. Because the more than 50 percent threshold of preliminary support has been achieved, the formal business improvement district renewal process, including a public hearing before the City Council, may be initiated.

PROPOSED DISTRICT BOUNDARIES

The boundaries of the proposed District are detailed in the Management District Plan. A general description of the area within the boundaries of the proposed District is as follows: Properties fronting Larchmont Boulevard between 1st Street on the South and Beverly Boulevard on the North.

There are 25 parcels owned by 24 stakeholders in the proposed District. The map included in the District's Management District Plan gives sufficient detail to locate each parcel of property within the proposed District.

DISTRICT RENEWAL AND PROPOSITION 218 COMPLIANCE

Article XIII D of the California Constitution (Proposition 218) requires, among other things, that: 1) the City Council identify all parcels that will have a special benefit conferred upon them and upon which assessments will be imposed; 2) the City Council not impose an assessment on a parcel which exceeds the reasonable cost of the proportional benefit conferred on that parcel; 3) the City Council separate the general benefits from the special benefits conferred on a parcel; and 4) all assessments be supported by a detailed Engineer's Report prepared by a registered professional engineer certified by the State of California. The Engineer's Report included herewith supports the assessments contained in the Management District Plan and, in addition, includes facts, which would support City Council findings relative to items 1 through 3 above.

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

EXEMPTION UNDER PROPOSITION 26

On November 2, 2010, voters in the State of California passed Proposition 26, which broadened the definition of taxes and which require approval by two-thirds of each house of the Legislature or by local voter approval. However, Article XIIC §1(e)(7) of the California Constitution states that "assessments and property-related fees imposed in accordance with the provisions of Article XIID are exempt." As previously stated, the proposed District is being established in accordance with Article XIID of the California Constitution and is therefore exempt from Proposition 26.

PROPOSED IMPROVEMENTS AND PROGRAMS

The District is expected to generate \$1,375,665.00 annually over a ten-year period with a maximum three percent (3%) increase per year. The revenue will be utilized to fund the proposed District's improvements and activities that include, but are not limited to: Streetscape Services, Marketing/Promotions, Physical Amenities, Administration/Operations, and Contingency/Special Fees/Reserve.

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

ASSESSMENT FORMULA AND DISBURSEMENTS

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

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

CONTRACTING WITH OWNERS' ASSOCIATION

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

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

ASSESSABLE CITY PROPERTY

There is one (1) City-owned parcel within the District. The total assessment for this City-owned property within the District is \$5,514.28, representing 4.6% of the total assessments levied in the District.

FISCAL IMPACT

Funding for assessments levied on the City-owned properties within the District were included in the General Fund allocation to the 2012-13 Business Improvement District Trust Fund 659.

RECOMMENDATIONS

1. FIND that the petitions submitted on behalf of the proponents of the proposed Larchmont Village Property Business Improvement District are signed by property owners who will pay more than fifty (50) percent of the assessments proposed to be levied.
2. FIND that all parcels that will have a special benefit conferred upon them and upon which an assessment would be imposed are those as identified in the Management District Plan.
3. FIND that in accordance with Article XIID of the California Constitution and based on the facts and conclusions contained in the attached Engineer's Report, the assessment levied on each parcel within the proposed District is proportionate to

the special benefit derived from the improvements and activities that are to be provided.

4. FIND that in accordance with Article XIID of the California Constitution and based on the facts and conclusions contained in the attached Engineer's Report, there are *de minimis* general benefits to be separated from the special benefits conferred on each parcel within the proposed District.
5. FIND that in accordance with Article XIID of the California Constitution and based on the facts and conclusions contained in the attached Engineer's Report, no assessment imposed on any parcel exceeds the reasonable cost of the proportional special benefit conferred on that parcel.
6. FIND that the assessments for the proposed District are not taxes and that the District qualifies for exemption from Proposition 26 under exemption 7 of Article XIIC §1(e).
7. FIND that the services provided by the Owners' Association are in the nature of professional, expert, technical or other special services, that the services are of a temporary and occasional character, and that the use of competitive bidding would be impractical, not advantageous, undesirable or where the common law otherwise excuses compliance with competitive bidding requirements.
8. FIND that the proposed improvements and activities are completely separate from the day to day operations of the City of Los Angeles.
9. APPROVE the Larchmont Village Property Owners Association to serve as the Owners' Association to administer the Larchmont Village Property Business Improvement District if the District is renewed.
10. ADOPT the Preliminary Report of the City Clerk.
11. ADOPT the attached Management District Plan.
12. ADOPT the attached Engineer's Report.
13. ADOPT the attached Ordinance of Intention to renew the Larchmont Village Property Business Improvement District.
14. AUTHORIZE the City Clerk, upon establishment of the District, to prepare, execute and administer a contract between the City of Los Angeles and the Larchmont Village Property Owners Association for the administration of the District's programs.
15. DIRECT the City Clerk to comply with the notice, protest, and hearing procedures prescribed in the Proposition 218 Omnibus Implementation Act (California Government Code, Section 53750 et seq.).

Honorable Members of the City Council
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16. REQUEST the City Attorney, with the assistance of the City Clerk, to prepare an enabling Ordinance renewing the Larchmont Village Property Business Improvement District for Council consideration at the conclusion of the required public hearing.

Sincerely,



 June Lagmay
City Clerk

JL:HLW:MCP:RMH:PM:ev

Attachments:

- Management District Plan
- Engineer's Report
- Draft Ordinance of Intention

**LARCHMONT VILLAGE
PROPERTY BUSINESS IMPROVEMENT DISTRICT
MANAGEMENT DISTRICT PLAN**

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

PLAN SUBMITTED BY:

**LARCHMONT BOULEVARD PROPERTY OWNER'S ASSOCIATION
WITH ASSISTANCE FROM EDWARD HENNING & ASSOCIATES**

MARCH 9, 2012

**THE LARCHMONT VILLAGE PROPERTY BUSINESS IMPROVEMENT DISTRICT (PBID)
MANAGEMENT DISTRICT PLAN**

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A. INTRODUCTION

The Larchmont Village Property Business Improvement District (Larchmont Village PBID) is located along Larchmont Boulevard within the heart of historic Larchmont Village surrounded by the Hancock Park residential neighborhood, bounded on the north by Beverly Boulevard and on the south by First Street.

The Larchmont Village PBID was originally established for a five year period by City Council ordinance on August 5, 1997 to fund supplemental streetscape oriented services. Its first year of operations commenced on January 1, 1998 with an assessment levy of \$40,000. On October 2, 2002 the Larchmont Village PBID was renewed by City Council ordinance for a 10 year period between January 1, 2003 through December 31, 2012 to continue funding supplemental streetscape oriented services but also including private security. The 2003 assessment levy for the renewed PBID was \$65,000. Although the PBID was not subject to renewal until 2012, the Management Plan and the Engineer's Report were modified and updated in September 2009 in order to conform to changes in State PBID Law, City PBID policies and minor work plan element project modifications. The assessment rate has increased annually ranging from 0% to 3% per year since the PBID renewal in 2002. The District is now being proposed to be renewed for another 10 years to continue funding supplemental streetscape oriented services as well as marketing-promotions and physical amenities. Private security will no longer be funded by the PBID.

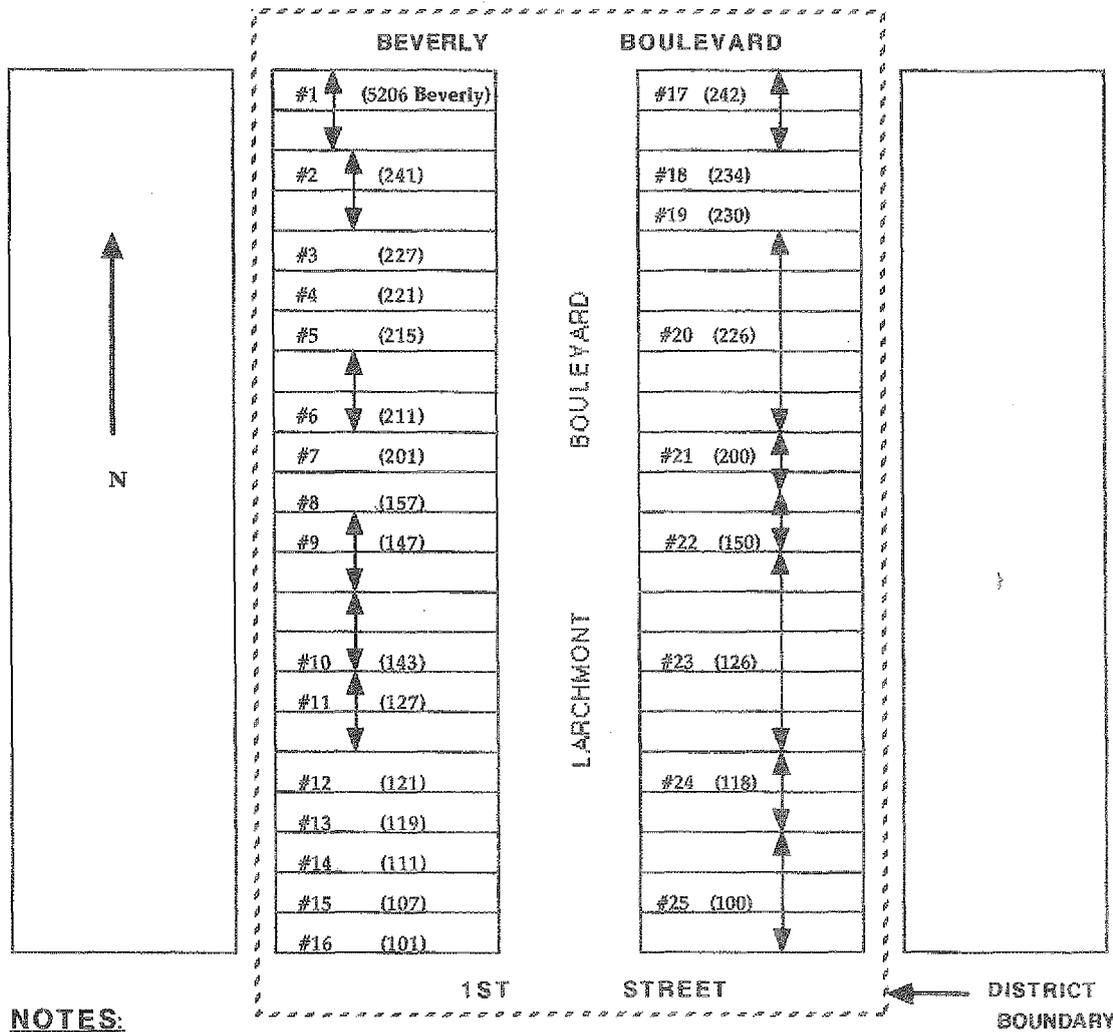
The purpose and focus of the Larchmont Village PBID is to upgrade the streetscape environment for the exclusive special benefit of properties within the District. Specifically, this includes streetscape cleaning, litter pickup, landscape upkeep, trash bin cleaning, marketing-promotions, physical amenities and related administration and operations.

B. MAP OF THE DISTRICT AND PARCELS AFFECTED

ASSESSMENT DIAGRAM

SHEET 1 OF 1

**LARCHMONT VILLAGE BUSINESS IMPROVEMENT DISTRICT
CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA**



NOTES:

1. MAP NOT TO SCALE
2. "#" INDICATES DISTRICT PARCEL NUMBER
3. NUMBERS IN PARENTHESIS INDICATES LARCHMONT BOULEVARD STREET ADDRESS UNLESS OTHERWISE NOTED

Larchmont Village PBID Map Legend

<u>Map #</u>	<u>APN</u>	<u>Street Address</u>
1	5515-018-021	5206 Beverly Blvd
2	5515-018-022	241 N. Larchmont
3	5515-018-017	227 N. Larchmont
4	5515-018-016	221 N. Larchmont
5	5515-018-015	215 N. Larchmont
6	5515-018-900	211 N. Larchmont
7	5515-018-013	201 N. Larchmont
8	5515-018-012	157 N. Larchmont
9	5515-019-020	147 N. Larchmont
10	5515-019-019	143 N. Larchmont
11	5515-019-021	127 N. Larchmont
12	5515-019-016	121 N. Larchmont
13	5515-019-015	119 N. Larchmont
14	5515-019-014	111 N. Larchmont
15	5515-019-013	107 N. Larchmont
16	5515-019-012	101 N. Larchmont
17	5515-025-001	242 N. Larchmont
18	5515-025-002	234 N. Larchmont
19	5515-025-003	230 N. Larchmont
20	5515-025-021	226 N. Larchmont
21	5515-025-008	200 N. Larchmont
22	5515-024-001	150 N. Larchmont
23	5515-024-002	126 N. Larchmont
24	5515-024-003	118 N. Larchmont
25	5515-024-017	100 N. Larchmont

C. NAME OF DISTRICT

The name of this renewed district is The Larchmont Village Property Business Improvement District.

D. DESCRIPTION OF BOUNDARIES AND BENEFIT ZONES

The Larchmont Village PBID includes a total of 25 commercially zoned parcels along both sides of Larchmont Boulevard between 1st Street and Beverly Boulevard. This area represents the core commercial district of Larchmont Village, and is unique in its combination and intensity of retail, restaurant, financial and office use.

There is one benefit zone in the renewed district. All parcels within the above-mentioned boundaries are being assessed to fund special benefit services within the District as outlined in this plan. Services are provided to each parcel within the District and no services are provided outside the district boundaries. Each parcel within the District will receive special benefits from District funded programs, services and improvements.

The northern PBID boundary is defined by Beverly Boulevard. While the area north of Beverly Boulevard is zoned commercial, the land uses and development patterns are generally less intense service oriented businesses than south of Beverly Boulevard which is primarily retail and restaurant businesses and, in turn, the program and service needs are different. No services from the existing PBID are provided north of Beverly Boulevard and, in turn, no special benefits are derived from PBID funded services and programs by parcels lying outside the PBID. General benefits, if any, are unintentional and unquantifiable.

The southern PBID boundary is defined by 1st Street. The area south of 1st Street is exclusively zoned residential and developed with single family residential neighborhoods. Pursuant to State Law, parcels zoned solely residential are conclusively presumed not to benefit from the improvements and service funded through these assessments. No services from the existing PBID are provided south of 1st Street and, in turn, no special benefits are derived from PBID funded services and programs by parcels lying outside the PBID. General benefits, if any, are unintentional and unquantifiable.

The western PBID boundary is defined by the north/south alley running between Beverly Boulevard and 1st Street. The parcels to the west of west PBID boundary are exclusively zoned residential and developed with single family residential neighborhoods. Pursuant to State Law, parcels zoned solely residential are conclusively presumed not to benefit from the improvements and service funded through these assessments. No services from the existing PBID are provided south of 1st Street and, in turn, no special benefits are derived from PBID funded services and programs by parcels lying outside the PBID. General benefits, if any, are unintentional and unquantifiable.

The eastern PBID boundary is defined by the west property lines of the adjacent properties outside of the District to the east. The parcels to the east of the east PBID boundary are exclusively zoned residential and developed with single family residential neighborhoods. Pursuant to State Law, parcels zoned solely residential are conclusively presumed not to benefit from the improvements and service funded through these assessments. No services from the existing PBID are east of the PBID boundary and, in turn, no special benefits are derived from PBID funded services and programs by parcels lying outside the PBID. General benefits, if any, are unintentional and unquantifiable.

E. LIST OF IMPROVEMENTS AND ACTIVITIES FOR EACH YEAR OF OPERATION - 2013-2022

In the first year of the PBID 10 year renewal (2003), the PBID assessment levy was \$65,000. In the final year 2012, the levy is \$80,382.91. The annual assessment rate has been increased each year ranging from 0% to the maximum allowed of 3% per the Management District Plan. The proposed assessment levy for the first year of the proposed renewal (assessment year 2013) will increase to \$120,000 in order to fund marketing-promotions and physical amenities. Current supplemental private security will no longer be funded by the PBID. The market rate for programs may vary and the budget categories may require adjustments up or down to continue the intended level of services and programs. The Property Owner's Association may make such adjustments, not to exceed 10% annually. Accrued interest or delinquent payments may be expended in any budget category.

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

As stipulated by Proposition 218, assessment district programs and activities may confer a combination of general and special benefits to properties, but the only program benefits which can be funded through assessments are those attributed to special property related benefits. 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.

Base level City services are enhanced, not replaced or duplicated, by PBID funded services.

A DESCRIPTION OF IMPROVEMENTS IS AS FOLLOWS:

Improvements and Activities: The following are the improvements and activities funded by the Larchmont Village Business Improvement District:

1) **Streetscape Services (cleaning, litter pickup, landscape upkeep, trash bin cleaning):** This program element funds various supplemental streetscape services performed by

subcontract vendors within the streetscape areas within the PBID. Included are regular disposal of trash in streetscape bins; streetscape porter services to pick up litter and debris and remove illegal signs and posters on street furniture, trees and poles; monthly pressure washing of trash bin lids and streetscape areas; and, periodic landscape upkeep on an "as needed" basis. It is noted that any public pavement repairs needed within the District are not the responsibility of the PBID. The following describes the projected frequencies of regular streetscape services:

1. One time per week all streetscape areas, landscape wells and planters will be cleaned of all trash and debris.
2. One time per week a street sweeper will sweep the streetscape areas. This will be performed between 5 a.m. and 8 a.m.
3. Daily each morning, trash liners will be emptied and bags replaced; all lids will wiped off.
4. At 3 p.m. each day all liners more than half full will be changed. Also at this time the area around the receptacles will be cleaned of all trash and debris.
5. Monthly pressure washing of all streetscape areas and trash bin lids.

These supplemental streetscape services directly benefit each parcel within the PBID by creating positive perceptions of the Larchmont Village District as an attractive and pedestrian-friendly shopping and dining area. Regular and professional streetscape care presents a clean and caring appearance of a well managed and successful business center for the direct and special benefit of each parcel within the PBID.

Each supplemental streetscape service assists in beautifying the PBID areas adjacent to each parcel within the PBID and enhances the image of this commercial corridor and the public streetscape areas adjacent to each parcel within it. This activity is designed to increase commerce through increased customers, clients and sales and attract and attract and retain businesses for the benefit of each parcel within the PBID. These supplemental streetscape services will only be provided within the PBID boundaries for the direct benefit of each parcel within the PBID; therefore these services constitute "special benefits" to each assessed parcel.

The City owned "pay as you park" public parking lot in the PBID will directly benefit from supplemental streetscape services by keeping the area clean and litter-free which, in turn, enhances the desirability of parking vehicles in this public parking lot and increases parking revenues to the City.

The cost of providing supplemental streetscape services for 2013 is estimated at \$72,900, or 60.75% of the 2013 budget.

2) Marketing/Promotions: This program element will include services such as business marketing, media relations, event planning, public relations, economic development and retail recruitment. Funds will also be used for district branding opportunities, promotional materials, including business directories, specialty brochures, maps, visitors' guides and press releases;

upkeep and development of a Larchmont BID website; and annual economic benchmarking research and similar projects. This activity is designed to enhance commerce through increased customers, clients and sales and attract and retain businesses for the direct benefit of each parcel within the PBID boundaries. These marketing-promotion programs will only be provided for each parcel within the PBID boundaries; therefore these services constitute "special benefits" to each assessed parcel.

The City owned "pay as you park" public parking lot in the PBID will directly benefit from marketing-promotion programs by increasing commerce within the PBID which, in turn, increases the demand for parking vehicles in this public parking lot and increases parking revenues to the City.

The cost of providing marketing-promotions for 2013 is estimated at \$15,000, or 12.50% of the 2013 budget.

3) Physical Amenities: This program element will include physical improvements and enhancements such as street lamp seasonal banners and holiday decorations and lighting. These amenities are intended to enhance the appeal and attraction of each parcel within the PBID, especially during the year end holiday season which is usually the busiest and most profitable part of the year for many Larchmont Village businesses. It is noted that PBID funds may be further supplemented by annual holiday decoration grants from the Los Angeles Department of Water and Power.

Any PBID funded amenities will only be provided within the PBID boundaries and only for the direct benefit of each parcel within the PBID; therefore funding these amenities constitute "special benefits" to each assessed parcel.

The City owned "pay as you park" public parking lot in the PBID will directly benefit from physical amenities improvements by increasing commerce within the PBID which, in turn, increases the demand for parking vehicles in this public parking lot and increases parking revenues to the City.

The cost of funding amenities for 2013 is estimated at \$8,000, or 6.67% of the 2013 Budget.

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

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

The cost of providing administration for 2013 is estimated at \$15,410, or 12.84% of the 2013 Budget.

5) Contingency/Special Fees/Reserve: The contingency is used to cover City and County assessment related fees, uncollected assessments and unexpected expenditures. Unexpended funds carried over from the previous year are added to this category. The contingency for 2013 is estimated at \$8,690, or 7.24% of the 2013 Budget.

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

Each of these programs and activities work together to create a more pleasing environment within the district that is conducive to strengthening the current and future economic vitality of each parcel within this commercial corridor through the attraction and retention of new business and increased commerce. The programs, improvements and services are designed to specifically benefit each and every parcel within the PBID boundaries. The PBID assessments are only levied on parcels within the PBID boundaries and assessment revenues are spent to deliver services to each parcel that provide a direct and special benefit to each assessed parcels and to improve the economic vitality of each parcel. Refer to the Engineer's Report included as Attachment 1 to this Plan for more analysis and discussion of the special benefits conveyed to each parcel within the District. Inasmuch as no services are provided beyond the PBID boundaries to the surrounding communities or to the public in general, any general benefit is unintentional. It is hereby determined that general benefits, if any, are not quantifiable, measurable, or tangible.

Projected Program and Activity Costs (2013-2022)
(includes up to 3% increase per year)

Assessment Year	Streetscape Services	Marketing-Promotions	Physical Amenities	Administration - Operations	Contingency - Reserve	TOTAL
2013	\$72,900	\$15,000	\$8,000	\$15,410	\$8,690	\$120,000
2014	\$75,087	\$17,500	\$6,000	\$15,861	\$9,152	\$123,600
2015	\$77,340	\$18,000	\$6,500	\$16,316	\$9,152	\$127,308
2016	\$79,660	\$18,500	\$7,000	\$16,783	\$9,184	\$131,127
2017	\$82,050	\$19,000	\$7,500	\$17,265	\$9,246	\$135,061
2018	\$84,511	\$19,500	\$8,000	\$17,761	\$9,341	\$139,113
2019	\$87,046	\$20,000	\$8,500	\$18,273	\$9,467	\$143,286
2020	\$89,658	\$20,500	\$9,000	\$18,799	\$9,628	\$147,585
2021	\$92,348	\$21,000	\$9,500	\$19,342	\$9,822	\$152,012
2022	\$95,118	\$21,500	\$10,000	\$19,900	\$10,055	\$156,573

Note: Interest accrued or delinquent payments may be expended in the above categories. The Property Owner's Association may at times have the need to decrease and/or increase certain budget categories due to the market rate for services and improvements and adjust budget categories accordingly. The Property Owner's Association may make such adjustments, not to exceed 10% annually.

F. TOTAL ANNUAL AMOUNT FOR IMPROVEMENTS, SERVICES AND OPERATIONS FOR EACH YEAR OF OPERATION

An annual assessment rate increase of up to three (3) percent is allowed per year. This increase may be imposed at the discretion of the Property Owners' Association. The assessment rate for the first year of the renewed District, Assessment Year 2013, is \$55.1428 per linear foot of Larchmont Boulevard street frontage.

The Owners' Association will notify the City annually as to whether or not any adjustments to the previous year's assessment rates are to be made.

G. PROPOSED SOURCE OF FINANCING, LEVYING OF ASSESSMENT IN SUFFICIENT DETAIL TO ALLOW EACH PROPERTY OWNER TO CALCULATE THE AMOUNT OF THE ASSESSMENT AGAINST THEIR PROPERTY

This method of financing the special services is based upon the levy of assessments on real property that receive special benefits from proposed improvements and activities. The assessments for the PBID are based solely on Larchmont Boulevard property street frontage. This variable was determined as the most appropriate property factor for equitably apportioning the special benefit assessments by the District Assessment Engineer in the Engineer's Report (See Attachment 1). Property street frontage quantities used are based upon Los Angeles County property records and have been verified by the City.

PBID Property Variable:

<i>Property Variable</i>	<i>Total in District</i>
Larchmont Blvd Street Frontage	2,176.17 linear feet

Maximum Annual PBID Rate and Projected Assessment Revenues
(based on 3% maximum annual increase)

Assessment Year	Maximum PBID Assmt Rate - \$/LF Frontage	Projected Annual PBID Assessments
2013	\$55.14275	\$120,000
2014	\$56.79703	\$123,600
2015	\$58.50094	\$127,308
2016	\$60.25597	\$131,127
2017	\$62.06365	\$135,061
2018	\$63.92556	\$139,113
2019	\$65.84333	\$143,286
2020	\$67.81863	\$147,585
2021	\$69.85319	\$152,012
2022	\$71.94878	\$156,573

Assessment Formula:

Property street frontage along Larchmont Blvd x 2013 rate per linear foot = 2013 assessment

Sample Assessment Calculation

100 linear feet x \$55.14275/LF = \$5,514.28

Future Development

As future new development occurs within the District, current property characteristics and parcel configurations may also change. This may occur due to various land related modifications such as new subdivisions, lot line adjustments, reversions to acreage and parcel consolidations. In turn, individual parcel street frontage measurements may also change. Any such modifications will result in recalculation of assessments for new and/or modified parcels based on the assessment rate in affect when such changes occur in accordance with future maximum rates and the assessment methodology delineated in this Report. In the case of condominium development or conversion, street frontage allocations would be pro-rated based on proportionate building pad areas of each condo parcel relative to the total building area attributed to the original street frontage measurement.

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

H. SPECIFY THE TIME AND MANNER OF COLLECTING ASSESSMENTS

Time and Manner for Collecting Assessments:

The assessments are collected at the same time and in the same manner as for any Ad Valorem property tax paid to the County of Los Angeles. These assessments provide for the same lien priority and penalties for delinquent payment as is provided for the Ad Valorem property tax. As necessary, the Los Angeles City Clerk's Office directly bills property owners or entities that do not appear on the direct billing of the property tax roll provided by the Los Angeles County. The PBID assessment appears as a separate line item on the annual property tax bills prepared by the County of Los Angeles. Property tax bills are generally distributed to property owners in the fall, and payment is expected by lump sum or in two installments. The County of Los Angeles distributes the collected assessments to the City, which in turn, forwards the assessments to the Owners' Association pursuant to the authorization of this plan. Existing laws for enforcement of property taxes apply to the District's assessments.

The "property owner" of the Ad Valorem interest is the person/entity shown as the owner/taxpayer on the last equalized Ad Valorem interest assessment roll or otherwise known to be the owner/taxpayer by the City.

Publicly Owned Parcels and Government Assessments:

There is currently one publicly owned parcel in the PBID (see parcel information in Section O below).

I. TYPE OF PBID, (NEW VS. RENEWAL), SPECIFIC NUMBER OF YEARS ASSESSMENTS WILL BE LEVIED

The PBID is a renewal district. The PBID will have a duration of ten (10) years. The operation years commence on January 1, 2013 and terminate on December 31, 2022. The PBID assessments will be levied for Assessment Years 2013 through 2022.

Assessments for the care and upkeep of improvements constructed by the PBID, if any, shall continue to be levied on each parcel of land within the district for a period of time equal to the useful life of the improvement, as determined by the City, regardless of whether the district is disestablished or the term of the original levy has expired.

**J. PROPOSED TIME FOR IMPLEMENTATION AND COMPLETION OF
MANAGEMENT DISTRICT PLAN**

<i>Task to be Completed</i>	<i>Estimated Date of Completion</i>
Completion and approval of Management District Plan by the Owners' Association	September 2011
Send complete Management District Plan to City Clerk for approval	September 2011
Send complete Management District Plan to Assessment Engineer	September 2011
Complete petition drive reflecting support of property owners in the proposed district who will pay more than thirty (30) percent of the assessment proposed to be levied	March 30, 2012
Submit completed petitions to City Clerk	March 30, 2012
Ordinance by City Council triggering assessment ballot proceeding	May 1, 2012
Submit ballots to City Clerk	May 2, 2012
Public Hearing/Counting of returned ballots, consideration of ordinance by Los Angeles City Council establishing the district	June 26, 2012

K. Proposed rules and Regulations to be applied to the District

There are no specific rules or regulations applied to this district.

L. LIST OF ASSESSED PROPERTIES

See Appendix "A"

M. OTHER ITEMS

No bonds will be issued for any PBID funded projects within this District.

N. MANAGEMENT PLAN AUTHOR

The Management District Plan's author is Edward Henning and the Plan was produced by Edward Henning & Associates.

O. PUBLICLY OWNED PARCEL(S)

<u>APN</u>	<u>Legal Owner</u>	2012-13
5515-018-900	City of Los Angeles	<u>Assessment</u> \$5,514.28 (4.6%)

APPENDIX A

LIST OF PARCELS INCLUDED IN THE DISTRICT

<i>APN</i>	<i>2012-13 ASSM'T</i>
5515-018-012	\$2,631.41
5515-018-013	\$2,631.41
5515-018-015	\$2,757.14
5515-018-016	\$2,757.14
5515-018-017	\$2,757.14
5515-018-021	\$2,757.14
5515-018-022	\$8,271.41
5515-019-012	\$2,757.14
5515-019-013	\$2,757.14
5515-019-014	\$2,757.14
5515-019-015	\$2,757.14
5515-019-016	\$2,757.14
5515-019-019	\$5,388.55
5515-019-020	\$5,262.82
5515-019-021	\$5,514.28
5515-024-001	\$3,932.78
5515-024-002	\$13,787.89
5515-024-003	\$5,514.28
5515-024-017	\$8,271.41
5515-025-001	\$5,514.28
5515-025-002	\$3,308.57
5515-025-003	\$2,205.71
5515-025-008	\$3,651.00
5515-025-021	\$13,785.69
5515-018-900	\$5,514.28
TOTAL	\$120,000.00

**ATTACHMENT 1
ENGINEER'S REPORT**

**THE LARCHMONT VILLAGE
PROPERTY BUSINESS IMPROVEMENT
DISTRICT**

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

**DISTRICT
ASSESSMENT ENGINEER'S
REPORT**

ATTACHMENT 1

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

March 9, 2012

THE LARCHMONT VILLAGE PROPERTY BUSINESS IMPROVEMENT DISTRICT

DISTRICT ASSESSMENT ENGINEER'S REPORT

To Whom It May Concern:

I hereby certify to the best of my professional knowledge and experience that each of the identified benefiting parcels located within the renewed Larchmont Village Property Business Improvement District ("Larchmont PBID") will receive a special benefit over and above the benefits conferred on the public at large and that the amount of the assessment is proportional to, and no greater than the benefits conferred on each respective parcel.

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



Edward V. Henning

RPE #26549 3-9-12

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 levied within the Larchmont Village PBID in the City of Los Angeles, California being renewed for a 10 year period. The discussion and analysis contained within constitutes the required "nexus" of rationale between assessment amounts levied and special benefits derived by properties within the Larchmont Village PBID.

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

THE LARCHMONT VILLAGE PROPERTY BUSINESS IMPROVEMENT DISTRICT

Background

The Larchmont Village PBID is a property-based benefit assessment type district being renewed for a 10 year period pursuant to Section 36600 et seq. of the California Streets and Highways Code, also known as the Property and Business Improvement District Law of 1994 (the "Act").

Due to the benefit assessment nature of assessments levied within a PBID, district program costs are to be distributed amongst each and every identified benefiting parcel within the PBID based on the proportional amount of program special benefit each parcel 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.

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

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

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

THE LARCHMONT VILLAGE PROPERTY BUSINESS IMPROVEMENT DISTRICT

From this, 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 properties within the PBID.

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

Supplemental Proposition 218 Procedures and Requirements

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

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

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

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

There are 25 “identified” parcels within the Larchmont Village PBID that derive special benefit from the District programs and activities. The benefits are special and unique only to the identified parcels within the District because programs and services (i.e. streetscape services; marketing-promotions; physical amenities; administration-operations; and, contingency-special fees-reserve) are only provided directly for the identified parcels. These identified benefiting parcels are located within the PBID perimeter boundary which is shown on the Boundary Map included in the Management District Plan and are listed as an attachment to the Plan and this Report - identified by assessor parcel number. Any future land subdivisions approved within the term of the renewed District will adhere to the assessment rate structure described herein. There is a single benefit zone within the renewed PBID. This area represents the core commercial district of Larchmont Village, and is unique in its combination and intensity of retail, restaurant, financial and office use.

THE LARCHMONT VILLAGE PROPERTY BUSINESS IMPROVEMENT DISTRICT

The northern PBID boundary is defined by Beverly Boulevard. While the area north of Beverly Boulevard is zoned commercial, the land uses and development patterns are generally less intense service oriented businesses than south of Beverly Boulevard which is primarily retail and restaurant businesses and, in turn, the program and service needs are different. No services from the existing PBID are provided north of Beverly Boulevard and, in turn, no special benefits are derived from PBID funded services and programs by parcels lying outside the PBID. General benefits, if any, are unintentional and unquantifiable.

The southern PBID boundary is defined by 1st Street. The area south of 1st Street is exclusively zoned residential and developed with single family residential neighborhoods. Pursuant to State Law, parcels zoned solely residential are conclusively presumed not to benefit from the improvements and service funded through these assessments. No services from the existing PBID are provided south of 1st Street and, in turn, no special benefits are derived from PBID funded services and programs by parcels lying outside the PBID. General benefits, if any, are unintentional and unquantifiable.

The western PBID boundary is defined by the north/south alley running between Beverly Boulevard and 1st Street. The parcels to the west of west PBID boundary are exclusively zoned residential and developed with single family residential neighborhoods. Pursuant to State Law, parcels zoned solely residential are conclusively presumed not to benefit from the improvements and service funded through these assessments. No services from the existing PBID are provided south of 1st Street and, in turn, no special benefits are derived from PBID funded services and programs by parcels lying outside the PBID. General benefits, if any, are unintentional and unquantifiable.

The eastern PBID boundary is defined by the west property lines of the adjacent properties outside of the District to the east. The parcels to the east of the east PBID boundary are exclusively zoned residential and developed with single family residential neighborhoods. Pursuant to State Law, parcels zoned solely residential are conclusively presumed not to benefit from the improvements and service funded through these assessments. No services from the existing PBID are provided south of 1st Street and, in turn, no special benefits are derived from PBID funded services and programs by parcels lying outside the PBID. General benefits, if any, are unintentional and unquantifiable.

No services from the existing PBID are provided to the residential neighborhoods to the east or west of the PBID boundaries and, in turn, no special benefits are derived from PBID funded services and programs by parcels lying outside the PBID. General benefits, if any, are unintentional and unquantifiable.

All identified parcels within the above-described boundaries are assessed to fund special benefit services, programs and improvements as outlined in this report and the Management District Plan. PBID funded activities are only provided to properties inside the District boundaries – none outside.

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

THE LARCHMONT VILLAGE PROPERTY BUSINESS IMPROVEMENT DISTRICT

parcel(s). Only special benefits are assessable. “

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

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

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

Improvements and Activities: The following are the improvements and activities funded by the Larchmont Village Business Improvement District:

1) **Streetscape Services (cleaning, litter pickup, landscape upkeep, trash bin cleaning):** This program element funds various supplemental streetscape services performed by subcontract vendors within the streetscape areas within the PBID. Included are regular disposal of trash in streetscape bins; streetscape porter services to pick up litter and debris and remove illegal signs and posters on street furniture, trees and poles; monthly pressure washing of trash bin lids and streetscape areas; and, periodic landscape upkeep on an “as needed” basis. It is noted that any public pavement repairs needed within the District are not the responsibility of the PBID. The following describes the projected frequencies of regular streetscape services:

1. One time per week all streetscape areas, landscape wells and planters will be cleaned of all trash and debris.

THE LARCHMONT VILLAGE PROPERTY BUSINESS IMPROVEMENT DISTRICT

2. One time per week a street sweeper will sweep the streetscape areas. This will be performed between 5 a.m. and 8 a.m.
3. Daily each morning, trash liners will be emptied and bags replaced; all lids will wiped off.
4. At 3 p.m. each day all liners more than half full will be changed. Also at this time the area around the receptacles will be cleaned of all trash and debris.
5. Monthly pressure washing of all streetscape areas and trash bin lids.

These supplemental streetscape services directly benefit each parcel within the PBID by creating positive perceptions of the Larchmont Village District as an attractive and pedestrian-friendly shopping and dining area. Regular and professional streetscape care presents a clean and caring appearance of a well managed and successful business center for the direct and special benefit of each parcel within the PBID.

Each supplemental streetscape service assists in beautifying the PBID areas adjacent to each parcel within the PBID and enhances the image of this commercial corridor and the public streetscape areas adjacent to each parcel within it. This activity is designed to increase commerce and attract and attract and retain businesses for the benefit of each parcel within the PBID. These supplemental streetscape services will only be provided within the PBID boundaries for the direct benefit of each parcel within the PBID; therefore these services constitute "special benefits" to each assessed parcel.

The City owned "pay as you park" public parking lot in the PBID will directly benefit from supplemental streetscape services by keeping the area clean and litter-free which, in turn, enhances the desirability of parking vehicles in this public parking lot and increases parking revenues to the City.

The cost of providing supplemental streetscape services for 2013 is estimated at \$72,900, or 60.75% of the 2013 budget.

2) **Marketing/Promotions:** This program element will include services such as business marketing, media relations, event planning, public relations, economic development and retail recruitment. Funds will also be used for district branding opportunities, promotional materials, including business directories, specialty brochures, maps, visitors' guides and press releases; upkeep and development of a Larchmont BID website; and annual economic benchmarking research and similar projects. This activity is designed to enhance commerce and attract and retain businesses for the direct benefit of each parcel within the PBID boundaries. These marketing-promotion programs will only be provided for each parcel within the PBID boundaries; therefore these services constitute "special benefits" to each assessed parcel.

THE LARCHMONT VILLAGE PROPERTY BUSINESS IMPROVEMENT DISTRICT

The City owned "pay as you park" public parking lot in the PBID will directly benefit from marketing-promotion programs by increasing commerce with increased customers, clients and sales within the PBID which, in turn, increases the demand for parking vehicles in this public parking lot and increases parking revenues to the City.

The cost of providing marketing-promotions for 2013 is estimated at \$15,000, or 12.5% of the 2013 budget.

3) Physical Amenities: This program element will include physical improvements and enhancements such as street lamp seasonal banners and holiday decorations and lighting. These amenities are intended to enhance the appeal and attraction of each parcel within the PBID, especially during the year end holiday season which is usually the busiest and most profitable part of the year for many Larchmont Village businesses. It is noted that PBID funds may be further supplemented by annual holiday decoration grants from the Los Angeles Department of Water and Power.

Any PBID funded amenities will only be provided within the PBID boundaries and only for the direct benefit of each parcel within the PBID: therefore funding these amenities constitute "special benefits" to each assessed parcel.

The City owned "pay as you park" public parking lot in the PBID will directly benefit from physical amenity improvements by increasing commerce with increased customers, clients and sales within the PBID which, in turn, increases the demand for parking vehicles in this public parking lot and increases parking revenues to the City.

The cost of funding amenities for 2013 is estimated at \$8,000, or 6.67% of the 2013 Budget.

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

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

The cost of providing administration for 2013 is estimated at \$15,410, or 12.84% of the 2013 Budget.

5) Contingency/Special Fees/Reserve: The contingency is used to cover City and County assessment related fees, uncollected assessments and unexpected expenditures. Unexpended funds carried over from the previous year are added to this category. The contingency for 2013 is estimated at \$8,690, or 7.24% of the 2013 Budget.

THE LARCHMONT VILLAGE PROPERTY BUSINESS IMPROVEMENT DISTRICT

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

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

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

Each identified parcel within the district is assessed based on a property characteristic (street frontage) unique only to that parcel. The calculated assessment rate is applied to the actual measured parameter of each parcel and thereby is proportional to each and every other identified parcel within the district as a whole. Parcels with larger street frontages along Larchmont Boulevard impact the demand for services and programs to a greater extent than smaller ones and thus are assigned a higher proportionate degree of assessment program and service costs.

The proportionate special benefit cost for each parcel has been calculated based on the adopted assessment formula 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 is possible through the Larchmont Village PBID, they are also considerably less than other options considered by the Larchmont Village PBID proponent group. The actual assessment rate for each parcel within the PBID directly relate

THE LARCHMONT VILLAGE PROPERTY BUSINESS IMPROVEMENT DISTRICT

to the level of special benefit service to be provided to each identified parcel within the District based on the respective measurement of Larchmont Boulevard street frontage of each parcel.

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

There is 1 publicly owned parcel at this time within the Larchmont Village PBID (APN 5515-018-900 – City of Los Angeles public parking lot). The City owned “pay as you park” public parking lot will directly benefit from supplemental streetscape services by keeping the area clean and litter-free which, in turn, enhances the desirability of parking vehicles in this public parking lot and increases parking revenues to the City. This parcel will further directly benefit from marketing-promotion programs and physical amenity improvements by increasing commerce with increased customers, clients and sales within the PBID which, in turn, increases the demand for parking vehicles in this public parking lot and increases parking revenues to the City.

Based on the rationale provided above, there is no clear and convincing evidence that this parcel does not benefit equally to privately owned parcels and, thus, is assessed in the same manner and rate as private owned parcels in the PBID. The 2013 assessment for this parcel is \$5,514.28 which represents 4.60% of the entire District assessment levied.

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 levied within the Larchmont Village PBID.

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

The individual and total parcel assessments attributable to special property benefits are shown on Appendix 1 to the Management District Plan and this Report. The District and resultant assessment payments will continue for 10 years and may be renewed again at that time. The reasons (purposes) for the assessments are outlined in Finding 2 above as well as in the Management District Plan. The calculation basis of the assessment is attributed 100% to the amount of Larchmont Boulevard street frontage. There is a single benefit zone.

THE LARCHMONT VILLAGE PROPERTY BUSINESS IMPROVEMENT DISTRICT

Assessment Formula Methodology

Step 1. Select "Basic Benefit Unit(s)"

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

Based on the specific needs and corresponding nature of the program activities funded by the Larchmont Village PBID (i.e. streetscape services; marketing-promotions; physical amenities; administration-operations; and, contingency-special fees-reserve), 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 primary street frontage along Larchmont Boulevard including any property corner cuts or radii dimensions. Side or rear alley frontages are not counted since no services are extended or provided along these other street/alley frontages. Using a single assessment factor like street frontage is an appropriate application in a commercial area like Larchmont Village where the development density is fairly homogeneous with one and two story buildings.

Street frontage is a direct measure of the static utilization of each parcel and its corresponding impact or draw on PBID funded activities such as streetscape services; marketing-promotions; physical amenities; administration-operations; and, contingency-special fees-reserve. In the opinion of this Assessment Engineer, the targeted weight of this factor, street frontage, should generate 100% of the total PBID revenue

The application of street frontage quantities is a proven method of fairly and equitably spreading special benefit costs to the primary beneficiaries of PBID funded services, programs and improvements. This factor directly relates to the degree of special benefit each parcel receives from PBID funded activities.

The "Basic Benefit Unit" will be expressed as a function of Larchmont Boulevard street frontage (Benefit Unit "A"). Based on the shape of the Larchmont Village PBID, as well as the nature of the District program elements, it is determined that all commercial properties will gain a direct and proportionate degree of benefit based on the respective amount of primary street frontage within a single benefit zone.

Step 2. Quantify Total Basic Benefit Units

Taking into account all identified benefiting properties and their respective assessable benefit units, there are 2,176.17 Benefit Units A.

THE LARCHMONT VILLAGE PROPERTY BUSINESS IMPROVEMENT DISTRICT

Step 3. Calculate Benefit Units for Each Property.

The number of Benefit Units for each identified benefiting parcel within the Larchmont Village PBID was computed from data extracted from City of Los Angeles land records as well as County Assessor records and maps. These data sources delineate current property 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, it does provide an acceptable basis for the purpose of calculating property based assessments. All respective property data used for assessment computations has been provided to each property owner in the PBID for their review and verification. All known or reported discrepancies, errors or misinformation have been corrected.

Step 4. Determine Assessment Formula

Based on the nature of the programs to be funded as well as other rationale outlined in Step 1 above, it has been determined that the Larchmont Village PBID assessments are based on primary street frontage. The targeted assessment formula component weight is: 100% for Benefit Unit A - street frontage.

Computing Assessment Formula Unit Costs (2013):

(Benefit Unit "A") = $\$120,000 / 2,176.17 \text{ linear feet} = \$55.14275 \text{ per linear foot of primary street frontage}$

2013 Assessment Rate Schedule and Application:

The assessment formula for all parcels is:

[Primary Street Frontage (linear feet) x \$55.14275 per linear foot of primary street frontage]

Future Development

As future new development occurs within the District, current property characteristics and parcel configurations may also change. This may occur due to various land related modifications such as new subdivisions, lot line adjustments, reversions to acreage and parcel consolidations. In turn, individual parcel street frontage measurements may also change. Any such modifications will result in recalculation of assessments for new and/or modified parcels based on the assessment rate in affect when such changes occur in accordance with future maximum rates and the assessment methodology delineated in this Report. In the case of any condominium development or conversion, street frontage allocations would be pro-rated based on proportionate building pad areas of each condo parcel relative to the total building area attributed to the original street frontage measurement.

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

THE LARCHMONT VILLAGE PROPERTY BUSINESS IMPROVEMENT DISTRICT

Step 5. Estimate Total District Costs

The total District projected costs for 2013-2022 are shown below in Table 1.

TABLE 1
Total 2013-2022 District Costs (assume 3% increase over prior year)

Assessment Year	Streetscape Services	Marketing-Promotions	Physical Amenities	Administration - Operations	Contingency - Reserve	TOTAL
2013	\$72,900	\$15,000	\$8,000	\$15,410	\$8,690	\$120,000
2014	\$75,087	\$17,500	\$6,000	\$15,861	\$9,152	\$123,600
2015	\$77,340	\$18,000	\$6,500	\$16,316	\$9,152	\$127,308
2016	\$79,660	\$18,500	\$7,000	\$16,783	\$9,184	\$131,127
2017	\$82,050	\$19,000	\$7,500	\$17,265	\$9,246	\$135,061
2018	\$84,511	\$19,500	\$8,000	\$17,761	\$9,341	\$139,113
2019	\$87,046	\$20,000	\$8,500	\$18,273	\$9,467	\$143,286
2020	\$89,658	\$20,500	\$9,000	\$18,799	\$9,628	\$147,585
2021	\$92,348	\$21,000	\$9,500	\$19,342	\$9,822	\$152,012
2022	\$95,118	\$21,500	\$10,000	\$19,900	\$10,055	\$156,573

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

All benefits derived from the assessments outlined in the Management District Plan and this Report are for supplemental services, programs and improvements directly benefiting the identified properties within the PBID. All PBID funded activities are provided solely to properties within the Larchmont Village PBID. All services are delivered only within the boundaries and designed only for the direct special benefit of the identified assessed properties in the PBID. No services are provided to non-assessed parcels outside the PBID boundaries. Any potential spill over effect is unquantifiable as previously discussed in this report. Thus, all general benefits (if any) within or outside of the PBID, are inadvertent, intangible and immeasurable. Total 2013 District revenues are shown below in Table 2.

TABLE 2
Total 2013 District Revenues

Funding Source	Revenue	% of Total
PBID Assessments	\$120,000	100.00%
TOTAL DISTRICT REVENUE	\$120,000	100.00%

Step 7. Calculate "Basic Unit Cost"

With a 2013 budget of \$120,000 (special benefit only), the Basic Unit Costs are shown above in Step 4. Since the PBID is being renewed for a 10 year term, maximum assessments for future years (2014-2022) must be set at the

THE LARCHMONT VILLAGE PROPERTY BUSINESS IMPROVEMENT DISTRICT

renewal point of the PBID. *An annual flat inflationary assessment rate increase of up to 3% either may be imposed each year for Years 2014-2022*, on approval by the PBID Property Owner’s Association. The maximum assessment rates for 2013-2022 are shown below in Table 3.

TABLE 3
Year 1-10 Maximum and Projected District Assessment Rates

Assessment Year	Maximum PBID Assmt Rate - \$/LF Frontage	Projected Annual PBID Assessments
2013	\$55.14275	\$120,000
2014	\$56.79703	\$123,600
2015	\$58.50094	\$127,308
2016	\$60.25597	\$131,127
2017	\$62.06365	\$135,061
2018	\$63.92556	\$139,113
2019	\$65.84333	\$143,286
2020	\$67.81863	\$147,585
2021	\$69.85319	\$152,012
2022	\$71.94878	\$156,573

(assumes maximum 3% increase over prior year rates)

Step 8. Spread the Assessments

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

APPENDIX 1

YEAR 2013
ASSESSMENT ROLL

THE LARCHMONT VILLAGE PROPERTY BUSINESS IMPROVEMENT DISTRICT

LIST OF PARCELS INCLUDED IN THE DISTRICT

<i>APN</i>	<i>2013 ASSM'T</i>
5515-018-012	\$2,631.41
5515-018-013	\$2,631.41
5515-018-015	\$2,757.14
5515-018-016	\$2,757.14
5515-018-017	\$2,757.14
5515-018-021	\$2,757.14
5515-018-022	\$8,271.41
5515-019-012	\$2,757.14
5515-019-013	\$2,757.14
5515-019-014	\$2,757.14
5515-019-015	\$2,757.14
5515-019-016	\$2,757.14
5515-019-019	\$5,388.55
5515-019-020	\$5,262.82
5515-019-021	\$5,514.28
5515-024-001	\$3,932.78
5515-024-002	\$13,787.89
5515-024-003	\$5,514.28
5515-024-017	\$8,271.41
5515-025-001	\$5,514.28
5515-025-002	\$3,308.57
5515-025-003	\$2,205.71
5515-025-008	\$3,651.00
5515-025-021	\$13,785.69
5515-018-900	\$5,514.28
TOTAL	\$120,000.00

ORDINANCE NO. _____

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

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

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

NOW THEREFORE,

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

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

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

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

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

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

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

Sec. 7. DISTRICT BOUNDARIES. The City Council hereby declares that the boundaries of the proposed District are as detailed in the Management District Plan. A general description of the area within the boundaries of the proposed District is as follows: The Larchmont Village Property Business Improvement District consists of properties fronting Larchmont Boulevard between 1st Street on the South and Beverly Boulevard on the North.

There are 25 parcels owned by 24 stakeholders in the proposed District. The map included in the District's Management District Plan gives sufficient detail to locate each parcel of property within the proposed District.

Sec. 8. IMPROVEMENTS AND ACTIVITIES. The City Council hereby declares that the proposed activities and improvements to be funded by the levy of assessments on property within the District are detailed in the Management District Plan. They include, but are not limited to, Streetscape Services, Marketing/Promotions, Physical Amenities, Administration/Operations and Contingency/Special Fees/Reserve.

Sec. 9. ANNUAL ASSESSMENTS AND DURATION. The District's total assessment for ten years is estimated to be \$1,375,665.00. The District's total annual assessment for the first year is estimated to be \$120,000.00. Annual assessments for subsequent years may be adjusted based upon the Consumer Price Index for the Los Angeles region, or by a flat percentage rate, not to exceed three percent of the previous year's rate. It is proposed that the District be established for a ten year period. The District will not issue bonds.

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

Sec. 11. NOTICE, PROTESTS AND HEARING PROCEDURES. The City Clerk shall follow the notice, protest, and hearing procedures prescribed in the Proposition

218 Omnibus Implementation Act (California Government Code, Section 53750 *et seq.*).

Sec. 12. PUBLIC HEARING. The City Council will hold a public hearing to determine whether to establish the District and levy assessments on _____ at 10:00 a.m., or as soon thereafter as City Council business permits, and on any hours and days for continued hearing as ordered by the City Council, in the John Ferraro Council Chamber, Room 340, City Hall, 200 North Spring Street, Los Angeles, California 90012. At the hearing, all interested persons will be permitted to present written or oral testimony, and the City Council will consider all objections or protests to the proposed assessment.

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

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

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

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

Sec. 17. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

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

JUNE LAGMAY, City Clerk

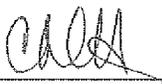
By _____
Deputy

Approved _____

Mayor

Approved as to Form and Legality

CARMEN A. TRUTANICH, City Attorney

By  _____
Deputy City Attorney



Date 5-1-12

File No. CF _____