

ATTACHMENT 1

ENCINO COMMONS
BUSINESS IMPROVEMENT DISTRICT
RENEWAL

ASSESSMENT ENGINEER’S
REPORT

*Being Renewed for a 9-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*

JANUARY 17, 2019

FINAL

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 Encino Commons Business Improvement District ("ECBID") being renewed for a nine (9) 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



A handwritten signature in blue ink that reads "Edward V. Henning".

RPE #26549 January 17, 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 ECBID in the City of Los Angeles, California being renewed for a nine (9) year term. The discussion and analysis contained within this Report constitutes the required “nexus” of rationale between assessment amounts levied and special benefits conferred on real properties within the proposed renewed ECBID.

Background

The ECBID is a property-based benefit assessment type district being renewed for a nine (9) 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 ECBID. 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 ECBID, these supplemental requirements will be taken into account. The key provisions of Article XIID along with a description of how the ECBID complies with each of these provisions are delineated below.

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

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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 renewed Encino Commons BID (ECBID) is located in the southwest section of the San Fernando Valley, a suburb community in the City of Los Angeles, near the western end of the extensive Ventura Boulevard business corridor that traverses numerous communities adjacent to the 101 Ventura Freeway corridor. The property uses within the boundaries of the proposed renewed ECBID which will receive special benefits from ECBID funded programs and services are currently a mix of general commercial, retail, service, office and commercial parking.

Boundary Description

The ECBID includes all parcels (74) in the area fronting along Ventura Boulevard known as the Encino Commons Business Corridor between White Oak Avenue on the west and Balboa Boulevard on the east. Only parcels with Ventura Boulevard frontage are included in the ECBID. The street address range of included parcels and businesses is 16928-17660 Ventura Boulevard. A list of all parcels included in the proposed renewed ECBID is shown as Appendix 1, attached to this Report with their respective Los Angeles County assessor parcel number and common site address. The boundary of the proposed renewed ECBID and parcels within it are shown on the map of the ECBID attached as Appendix 2 to this Report.

Benefit Zones

There is one benefit zone within the proposed renewed ECBID.

Boundary Rationale

The areas along Ventura Boulevard west and east of the renewed ECBID are commercial uses and zoning while all areas north and south of the ECBID are residential zoning with predominantly residential uses. State PBID Law (Section 36632 Streets and Highways Code) states: Properties zoned solely for residential use.....are conclusively presumed not to benefit from the improvements and services funded through these assessments, and shall not be subject to any assessments pursuant to this part. It is noted that no parcels within the proposed ECBID are zoned solely residential.

Northern Boundary

The northern boundary of the renewed ECBID coincides with the rear property lines of all parcels fronting on the north side of Ventura Boulevard between White Oak Avenue on the west and Balboa Boulevard on the east. All parcels north of the northern ECBID boundary are zoned solely residential and developed mainly with single family residences with a few multi-family residential structures. There are a few residential zoned parcels used for surface parking for the businesses along Ventura Boulevard and a government facility - all allowable uses on R-zoned parcels. But as stated above, State PBID Law precludes parcels zoned solely residential, regardless of the current land use, from being assessed. Thus, no parcels zoned solely residential north of the northern ECBID boundary are included in the renewed ECBID.

There is one government owned parcel in the renewed ECBID boundaries (APN 2258-017-900), a public park owned by the City of Los Angeles. The park fronts the north side of Ventura Boulevard between Paso Robles Avenue and Genesta Avenue. The City’s Department of Recreation and Parks

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provides complete streetscape and landscape services to the grassy parkways adjacent to the park and the park’s interior. The ECBID will not provide any services to this block, will not direct any special projects that include the park, nor will the ECBID feature the park in the quarterly newsletters or website. ECBID programs and services are designed to improve commerce and the park has no commercial activities, and in the opinion of this Assessment Engineer, the City Park will not specially benefit from ECBID funded programs and services. For these reasons, this City Park parcel will not be assessed.

In order to ensure that parcels north of the northern boundary will not specially benefit from ECBID funded services and improvements, no ECBID services and improvements will be provided north of the northern boundary, only south of the northern boundary within the ECBID boundaries.

Southern Boundary

The southern boundary of the proposed renewed ECBID coincides with the rear property lines of all parcels fronting on the south side of Ventura Boulevard between White Oak Avenue on the west and Balboa Boulevard on the east. All parcels south of the southern ECBID boundary are zoned solely residential and developed mainly with single family residences with a few multi-family residential structures. There are a few residential zoned parcels used for surface parking for the businesses along Ventura Boulevard and a church - all allowable uses on R-zoned parcels. But as stated above, State PBID Law precludes parcels zoned solely residential, regardless of the current land use, from being assessed. Thus, no parcels zoned solely residential south of the southern ECBID boundary are included in the proposed renewed ECBID.

In order to ensure that parcels south of the southern boundary will not specially benefit from ECBID funded services and improvements, no ECBID services and improvements will be provided south of the southern boundary, only north of the southern boundary within the ECBID boundaries.

Eastern & Western Boundary

The eastern boundary of the renewed ECBID is the intersection of Ventura Boulevard and Balboa Boulevard while the western boundary is the intersection of Ventura Boulevard and White Oak Avenue. The parcels and land uses east of Balboa Boulevard and west of White Oak Avenue along Ventura Boulevard, while commercial in nature, are not considered as part of the Encino Commons business district by neither the business and property owners nor the customer base. Ventura Boulevard is an expansive commercial corridor that traverses the entire San Fernando Valley. Each micro-business community along this major commercial highway has attempted to create their own sense of place for shopping, dining and services by the nearby surrounding residential neighborhoods. Through this planning and economic development process, numerous small business improvement districts have been established along the Ventura Boulevard corridor with ECBID being one – each creating their own unique central business district and sense of place and arrival with identifiable landscaping, street furniture, signage and other physical enhancements. For these reasons, the eastern and western boundaries of the renewed ECBID have been set at White Oak Avenue and Balboa Boulevard.

In order to ensure that parcels east of the eastern boundary will not specially benefit from ECBID funded services and improvements, no ECBID services and improvements will be provided east of the centerline of Balboa Avenue, only west of said centerline within the ECBID boundaries.

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Similarly, in order to ensure that parcels west of the western boundary will not specially benefit from ECBID funded services and improvements, no ECBID services and improvements will be provided west of the centerline of White Oak Avenue, only east of said centerline within the ECBID boundaries.

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

All 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 except as noted herein on pages 3 and 21 for the City Park. All ECBID funded services, programs and improvements provided within the above described boundaries shall confer special benefit to identified assessed parcels inside the ECBID boundaries and none will be provided outside of the ECBID. Each assessed parcel within the ECBID will proportionately specially benefit from the ECBID funded programs and services (i.e. marketing, streetscape services, program management and operations). 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 ECBID. The ECBID confers special benefits on each and every individually assessed parcel by reducing litter and debris, improving aesthetics and marketing goods and services available from assessed parcels and the businesses on them within the ECBID, all considered necessary in a competitive properly managed business district. All ECBID 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 assessed parcels within the boundaries of the proposed renewed ECBID.

The ECBID includes 74 parcels of which 73 are identified as assessable within one Benefit Zone and which are listed in the Assessment Roll included as Appendix 1. The ECBID Boundary Map is included as Appendix 2.

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 ECBID that will receive special benefits from ECBID

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funded programs and services are currently a mix of general commercial, retail, service, office and commercial parking. Services, programs and improvements provided and funded by the ECBID (i.e. marketing, streetscape services, program management and operations) are primarily designed to provide special benefits to identified assessed parcels and the array of land uses within the boundaries of the ECBID as described in the Work Plan Details starting on page 14 of this Report.

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

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

MARKETING	STREETSCAPE SERVICES *	PROGRAM MANAGEMENT	OPERATIONS	TOTAL
0.8465%	60.8311%	24.3170%	14.0054%	100.00%
\$1,100	\$79,050 *	\$31,600	\$18,200	\$129,950

** Note: Up to 20% or \$15,810 (plus general benefits and any approved annual assessment rate increase) of the Streetscape Services budget category will be placed in reserve each year for hanging basket plant material replacement projected to occur every 3 years.*

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

In the case of the ECBID, the very nature of the purpose of this ECBID is to fund supplemental programs, services and improvements to assessed parcels within the ECBID 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 ECBID are for services, programs and improvements directly benefiting each individual assessed parcel within the ECBID. No ECBID funded services, activities or programs will be provided outside of the ECBID boundaries.

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

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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 XIID Section 4(b) of the California Constitution) have used Method #3, the composite district overlay determinant method which will be used for the ECBID. 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 ECBID, general benefit to the public at large within the ECBID and general benefit to parcels outside the ECBID.

General Benefit – Assessed Parcels within ECBID

ECBID funded programs are narrowly designed and carefully implemented to specially benefit the assessed ECBID parcels and are only provided for the special benefit to each and every assessed parcel within the ECBID. 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 ECBID are distinct and special but in the case of the ECBID, 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 ECBID funded programs and services are specially geared to the unique needs of each assessed parcel within the ECBID and are directed specially only to these assessed parcels within the ECBID. This concept is further reinforced by the proportionality of special benefits conferred on each assessed parcel within the ECBID 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 assessed parcels within the ECBID equates to \$325 or $(.25\% \times \$129,950)$.

General Benefit – Public At Large

While the ECBID funded programs are narrowly designed and carefully implemented to specially benefit the assessed ECBID properties and are only provided for the special benefit to each and every assessed parcel within the ECBID, these ECBID funded programs may also provide an incidental general benefit to the public at large within the ECBID. Assessment Engineering experience in California has found that generally well over 95% of people moving about within ECBID boundaries are engaged in business related to assessed parcels and businesses contained on them within the ECBID, 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 ECBID 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 ECBID funded special benefit program element costs that might provide an immediate general benefit to the public at large are as shown in the Table 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 \$1,441 as delineated in the following Table:

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)
MARKETING	\$1,100	0.50%	0.0050	\$6
STREETScape & MAINTENANCE	\$79,050	1.50%	0.0150	\$1,186
PROGRAM MANAGEMENT	\$31,600	0.50%	0.0050	\$158
OPERATIONS	<u>\$18,200</u>	0.50%	0.0050	<u>\$91</u>
Total	\$129,950			\$1,441

Spillover General Benefits to Parcels Outside of ECBID

While ECBID programs and services will not be provided directly to parcels outside the ECBID boundaries, it is reasonable to conclude that ECBID services may confer an indirect general benefit on parcels immediately adjacent to the ECBID boundaries. An inventory of the ECBID boundaries finds that the ECBID is surrounded by 15 parcels with commercial uses. Of these 15 parcels, 4 are zoned commercial and 11 are zoned residential. There is 1 non-identified (i.e. not assessed) exempt parcel within the proposed renewed ECBID (City Park – APN 2258-017-900).

The 15 parcels outside the ECBID boundaries adjacent to or across streets or alleys from assessed parcels within the ECBID as well as the 1 non-assessed parcel within the ECBID can reasonably be assumed to receive some indirect general benefit as a result of ECBID 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 73 identified assessed parcels within the ECBID; a benefit factor of 0.05 be attributed to general benefits conferred on the 4 commercial zoned and used parcels adjacent to or across a street or alley from the proposed renewed ECBID as well as the 1 non-assessed parcel within the ECBID; and a benefit factor of 0.01 be attributed to general benefits conferred on the 11 residential zoned parcels with commercial uses adjacent to or across a street or alley from the proposed renewed ECBID. It is the opinion of this Assessment Engineer that there are no general benefits conferred on any other residential zoned and used parcel adjacent to or across a street or alley from the proposed renewed ECBID. The cumulative dollar value of this general benefit type equates to \$641 (\$89 + \$356 + \$196) as delineated in the Table below.

“Spillover” General Benefits

Parcel Type	Quantity	Benefit Factor	Benefit Units	Benefit Percent	Benefit Value
Identified Assessed Parcels in ECBID	73	1.00	73.00	99.5093%	\$129,950
Non-assessed Parcel Within ECBID	1	0.05	0.05	0.0682%	\$89
Comm Zoned Parcels Out	4	0.05	0.20	0.2726%	\$356
Residential Zoned Parcels Out	11	0.01	0.11	<u>0.1499%</u>	<u>\$196</u>
TOTAL			73.36	100.00%	\$130,591

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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 ECBID, the public at large and parcels outside the ECBID equates to \$2,407 (\$325 + \$1,441 + \$641) or 1.8186 %. This leaves a value of 98.1814% assigned to special benefit related costs. The general benefit value of \$2,407 when added to the special benefit value of \$129,950 (Year 1 –2021 assessments) equates to a total adjusted Year 1 – 2021 program cost of \$132,357. Remaining costs that are attributed to general benefits, will need to be derived from other sources.

The program cost allocations (special benefits) of the ECBID assessment revenues for Year 1 (2021) are shown in the Table on page 17 of this Report. The projected program cost allocations (special benefits) of the ECBID assessment revenues for the 9-year ECBID term, assuming a 5% maximum annual assessment rate increase, are shown in the Table on pages 18-19 of this Report.

A breakdown of projected special and general benefits for each year of the 9-year renewal term, assuming a 5% maximum annual assessment rate increase is shown in the following Table:

9-Year Special + General Benefits
(Assumes max of 5% Annual Rate Increase)

YR		PROGRAM CATEGORY	SPECIAL BENEFITS	GENERAL BENEFITS	TOTAL BENEFITS	% OF TOTAL
1	2021	MARKETING	\$1,100	\$20	\$1,120	0.8465%
		STREETSCAPE SERVICES	\$79,050	\$1,464	\$80,514	60.8311%
		PROGRAM MANAGEMENT	\$31,600	\$585	\$32,185	24.3170%
		OPERATIONS	\$18,200	\$338	\$18,538	14.0054%
		TOTAL	\$129,950	\$2,407	\$132,357	100.00%
2	2022	MARKETING	\$1,155	\$21	\$1,176	0.8465%
		STREETSCAPE SERVICES	\$83,003	\$1,537	\$84,540	60.8311%
		PROGRAM MANAGEMENT	\$33,180	\$614	\$33,794	24.3170%
		OPERATIONS	\$19,110	\$355	\$19,465	14.0054%
		TOTAL	\$136,448	\$2,527	\$138,975	100.00%
3	2023	MARKETING	\$1,213	\$22	\$1,235	0.8465%
		STREETSCAPE SERVICES	\$87,153	\$1,614	\$88,767	60.8311%
		PROGRAM MANAGEMENT	\$34,839	\$645	\$35,484	24.3170%
		OPERATIONS	\$20,066	\$373	\$20,439	14.0054%
		TOTAL	\$143,271	\$2,654	\$145,925	100.00%
4	2024	MARKETING	\$1,274	\$23	\$1,297	0.8465%
		STREETSCAPE SERVICES	\$91,511	\$1,695	\$93,206	60.8311%

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		PROGRAM MANAGEMENT	\$36,581	\$677	\$37,258	24.3170%
		OPERATIONS	<u>\$21,069</u>	<u>\$392</u>	<u>\$21,461</u>	<u>14.0054%</u>
		TOTAL	\$150,435	\$2,787	\$153,222	100.00%
5	2025	MARKETING	\$1,338	\$24	\$1,362	0.8465%
		STREETSCAPE SERVICES	\$96,087	\$1,780	\$97,867	60.8311%
		PROGRAM MANAGEMENT	\$38,410	\$711	\$39,121	24.3170%
		OPERATIONS	<u>\$22,122</u>	<u>\$412</u>	<u>\$22,534</u>	<u>14.0054%</u>
		TOTAL	\$157,957	\$2,927	\$160,884	100.00%
6	2026	MARKETING	\$1,405	\$25	\$1,430	0.8465%
		STREETSCAPE SERVICES	\$100,891	\$1,869	\$102,760	60.8311%
		PROGRAM MANAGEMENT	\$40,331	\$747	\$41,078	24.3170%
		OPERATIONS	<u>\$23,228</u>	<u>\$433</u>	<u>\$23,661</u>	<u>14.0054%</u>
		TOTAL	\$165,855	\$3,074	\$168,929	100.00%
7	2027	MARKETING	\$1,475	\$26	\$1,501	0.8465%
		STREETSCAPE SERVICES	\$105,936	\$1,962	\$107,898	60.8311%
		PROGRAM MANAGEMENT	\$42,348	\$784	\$43,132	24.3170%
		OPERATIONS	<u>\$24,389</u>	<u>\$455</u>	<u>\$24,844</u>	<u>14.0054%</u>
		TOTAL	\$174,148	\$3,227	\$177,375	100.00%
8	2028	MARKETING	\$1,549	\$27	\$1,576	0.8465%
		STREETSCAPE SERVICES	\$111,233	\$2,060	\$113,293	60.8311%
		PROGRAM MANAGEMENT	\$44,465	\$823	\$45,288	24.3170%
		OPERATIONS	<u>\$25,608</u>	<u>\$478</u>	<u>\$26,086</u>	<u>14.0054%</u>
		TOTAL	\$182,855	\$3,388	\$186,243	100.00%
9	2029	MARKETING	\$1,626	\$28	\$1,654	0.8465%
		STREETSCAPE SERVICES	\$116,795	\$2,163	\$118,958	60.8311%
		PROGRAM MANAGEMENT	\$46,688	\$864	\$47,552	24.3170%
		OPERATIONS	<u>\$26,888</u>	<u>\$502</u>	<u>\$27,390</u>	<u>14.0054%</u>
		TOTAL	\$191,997	\$3,557	\$195,554	100.00%

As discussed on pages 15 and 17 of this Report, up to 20% or \$15,810 (plus general benefits and any approved annual assessment rate increase) of the Streetscape Services budget category will be placed in reserve each year for hanging basket plant material replacement projected to occur every 3 years.¹ An

¹ The accrued Streetscape Services reserve fund shall be capped each year as shown in the Table entitled: “Projected 9-Year Streetscape Reserves” on pages 11-12 of this Report. These caps are based on the reserve funds being drawn down and expended every 3 years or up to \$50,764 in Year 3, up to \$58,768 in Year 6 and up to \$68,031 in Year 9. If the reserve funds are not drawn down and expended in full or in part in the years indicated, subsequent year reserve fund balances shall be limited to the caps shown for Year 3, 6 and 9.

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isolation view of the Streetscape Services budget category delineating projected actual yearly Streetscape Services expenditures and accrued/expended reserve funds for special and general benefits is shown in the following Table:

Projected 9-Year Streetscape Services Reserves
(Assumes 5% Max Annual Rate Increase)

YR		PROGRAM CATEGORY	SPECIAL BENEFITS	GENERAL BENEFITS	TOTAL BENEFITS	% OF TOTAL	% OF TOTAL
1	2021	STREETSCAPE SERVICES EXPENDITURES	\$63,240	\$1,171	\$64,411	80.00000%	
		STREETSCAPE SERVICES RESERVE	<u>\$15,810</u>	<u>\$293</u>	<u>\$16,103</u>	<u>20.00000%</u>	
		TOTAL	\$79,050	\$1,464	\$80,514	100.00%	60.8311%
		PROJECTED ACCRUED RESERVES	\$15,810	\$293	\$16,103		
		PROJECTED EXPENDED RESERVES	\$0	\$0	\$0		
2	2022	STREETSCAPE SERVICES EXPENDITURES	\$66,402	\$1,230	\$67,632	80.00000%	
		STREETSCAPE SERVICES RESERVE	<u>\$16,601</u>	<u>\$307</u>	<u>\$16,908</u>	<u>20.00000%</u>	
		TOTAL	\$83,003	\$1,537	\$84,540	100.00%	60.8311%
		PROJECTED ACCRUED RESERVES	\$32,411	\$600	\$33,011		
		PROJECTED EXPENDED RESERVES	\$0	\$0	\$0		
3	2023	STREETSCAPE SERVICES EXPENDITURES	\$69,722	\$1,292	\$71,014	80.00000%	
		STREETSCAPE SERVICES RESERVE	<u>\$17,431</u>	<u>\$322</u>	<u>\$17,753</u>	<u>20.00000%</u>	
		TOTAL	\$87,153	\$1,614	\$88,767	100.00%	60.8311%
		PROJECTED ACCRUED RESERVES	\$49,842	\$922	\$50,764		
		PROJECTED EXPENDED RESERVES	\$49,842	\$922	\$50,764		
4	2024	STREETSCAPE SERVICES EXPENDITURES	\$73,208	\$1,357	\$74,565	80.00000%	
		STREETSCAPE SERVICES RESERVE	<u>\$18,303</u>	<u>\$338</u>	<u>\$18,641</u>	<u>20.00000%</u>	
		TOTAL	\$91,511	\$1,695	\$93,206	100.00%	60.8311%
		PROJECTED ACCRUED RESERVES	\$18,303	\$338	\$18,641		
		PROJECTED EXPENDED RESERVES	\$0	\$0	\$0		

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5	2025	STREETSCAPE SERVICES EXPENDITURES	\$76,868	\$1,425	\$78,293	80.0000%	
		STREETSCAPE SERVICES RESERVE	<u>\$19,219</u>	<u>\$355</u>	<u>\$19,574</u>	<u>20.0000%</u>	
		TOTAL	\$96,087	\$1,780	\$97,867	100.00%	60.8311%
		PROJECTED ACCRUED RESERVES	\$37,522	\$693	\$38,215		
		PROJECTED EXPENDED RESERVES	\$0	\$0	\$0		
6	2026	STREETSCAPE SERVICES EXPENDITURES	\$80,711	\$1,496	\$82,207	80.0000%	
		STREETSCAPE SERVICES RESERVE	<u>\$20,180</u>	<u>\$373</u>	<u>\$20,553</u>	<u>20.0000%</u>	
		TOTAL	\$100,891	\$1,869	\$102,760	100.00%	60.8311%
		PROJECTED ACCRUED RESERVES	\$57,702	\$1,066	\$58,768		
		PROJECTED EXPENDED RESERVES	\$57,702	\$1,066	\$58,768		
7	2027	STREETSCAPE SERVICES EXPENDITURES	\$84,747	\$1,571	\$86,318	80.0000%	
		STREETSCAPE SERVICES RESERVE	<u>\$21,189</u>	<u>\$391</u>	<u>\$21,580</u>	<u>20.0000%</u>	
		TOTAL	\$105,936	\$1,962	\$107,898	100.00%	60.8311%
		PROJECTED ACCRUED RESERVES	\$21,189	\$391	\$21,580		
		PROJECTED EXPENDED RESERVES	\$0	\$0	\$0		
8	2028	STREETSCAPE SERVICES EXPENDITURES	\$88,984	\$1,650	\$90,634	80.0000%	
		STREETSCAPE SERVICES RESERVE	<u>\$22,249</u>	<u>\$410</u>	<u>\$22,659</u>	<u>20.0000%</u>	
		TOTAL	\$111,233	\$2,060	\$113,293	100.00%	60.8311%
		PROJECTED ACCRUED RESERVES	\$43,438	\$801	\$44,239		
		PROJECTED EXPENDED RESERVES	\$0	\$0	\$0		
9	2029	STREETSCAPE SERVICES EXPENDITURES	\$93,433	\$1,733	\$95,166	80.0000%	
		STREETSCAPE SERVICES RESERVE	<u>\$23,362</u>	<u>\$430</u>	<u>\$23,792</u>	<u>20.0000%</u>	
		TOTAL	\$116,795	\$2,163	\$118,958	100.00%	60.8311%
		PROJECTED ACCRUED RESERVES	\$66,800	\$1,231	\$68,031		
		PROJECTED EXPENDED RESERVES	\$66,800	\$1,231	\$68,031		

It is the opinion of this Assessment Engineer that special benefits for assessment funds placed in reserve within the Streetscape Services budget category as shown in the Table above, will be conferred on each and every assessed parcels within the ECBID at the time these reserve funds are spent, now projected to

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be in Year-3 of the renewed 9-Year ECBID term and every 3 years thereafter. The reason for placing these funds in reserve is to have sufficient accrued funds in order to implement a complete replacement of the 140 hanging flower baskets with new artificial plants as a continued water conservation and labor savings measure as discussed on pages 15 and 18 of this Report.

It is noted that because the ECBID is being renewed for a 9-Year period, the basket replacement is projected to occur every 3 years, or in Years 3, 6 and 9 of the proposed 9-Year renewal term.

If the ECBID is not renewed again at the end of the proposed 9-Year renewal term, any remaining Streetscape Services reserve funds being held at that time will be expended on physical amenities including, but not limited to, benches, trash receptacles and theme signage. As is the case with any unexpended/unencumbered ECBID funds remaining at the end of a renewal term if the ECBID is not renewed again, such funds would be returned to ECBID property owners in accordance with City policy and State PBID Law.

DISTRICT WORK PLAN

Overview

The Programs and activities to be funded by the ECBID include marketing, streetscape services, program management and operations. The property uses within the boundaries of the ECBID that will receive special benefits from ECBID funded programs, services and improvements are currently a unique mix of general commercial, retail, service, office and commercial parking. ECBID funded activities are primarily designed to provide special benefits as described below to identified assessed parcels within the boundaries of the ECBID.

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

In the case of the ECBID, the very nature of the purpose of the ECBID is to fund supplemental programs, services and improvements to assessed parcels within the ECBID boundaries above and beyond the base line services provided by the City of Los Angeles. 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 ECBID are for services, programs and improvements directly benefiting each individual assessed parcel within the ECBID. No ECBID funded services, activities or programs will be provided outside of the ECBID boundaries.

The program special benefit cost allocations of the ECBID assessment revenues for Year 1 (2021) are shown in the Table on page 17 of this Report. The projected program special benefit cost allocations of the ECBID assessment revenues for the 9-year ECBID term, assuming a 5% maximum annual assessment rate increase, are shown in the Table on pages 18-19 of this Report.

WORK PLAN DETAILS

The services to be provided by the ECBID are all designed to contribute to the cohesive commercial fabric and to ensure economic success and vitality of the ECBID. The assessed parcels in the ECBID will specially benefit from the ECBID programs in the form of increasing commerce and improving economic success and vitality through meeting the ECBID Goals: to improve sanitation, beautification, landscaping, and to attract and retain 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 ECBID to specially benefit each and every individually assessed parcel within the ECBID boundaries. ECBID services, programs and improvements will not be provided to parcels outside the ECBID boundary.

1) Marketing \$1,120 (Special and General Benefits)

“Marketing” includes activities such as: production of a quarterly newsletter that shall be distributed to all property owners in the ECBID, cultivation of media exposure, and promotion/branding of the ECBID as a great place to shop, work or visit through the ECBID website and social media. The ECBID website and newsletter will target the ongoing informational needs of ECBID property owners and tenants.

This component is designed to specially benefit and improve the marketability of the array of goods and services provided by businesses on each identified and assessed parcel within the ECBID. This special benefit program is designed to attract more commercial customers and clients, employees, tenants and investors which may, in turn, increase business volumes, sales transactions, commercial occupancies, commercial rental income and return on investments for each parcel and business within the ECBID. Marketing programs will only be provided for parcels and businesses located within the ECBID boundaries.

2) Streetscape Services \$80,514 (Special and General Benefits)

“Streetscape Services” is the primary focus of the proposed renewed ECBID. Included in the amenity portion of the ECBID Streetscape Services, in the past 20 years, over 200 trees have been planted, 3 median islands and 39 decorative pots installed and landscaped and 140 hanging baskets and brackets on 70 poles installed with artificial flowers. In addition, gateway entry signs, street furniture, inlaid brickwork and litter receptacles have been installed. Landscape care will be done on a weekly basis. All planters will be kept clear of trash and debris and weeded weekly. Landscaping and trees will be pruned, shaped or trimmed to maintain their size in respect to safety, pedestrian clearance, species, size of planter or relative surroundings. Sprinkler systems will be continually checked and serviced, while planters without automatic irrigation will be hand watered, including the hanging basket flowers if the use of artificial plants/flowers does not provide an acceptable alternative to live plants/flowers. Curbs, parking and paved areas will be kept clean and trash receptacles will be emptied, wiped down and kept graffiti free on a regular basis. Additionally, all sidewalks within the district will be pressure washed quarterly. Physical amenities, including benches, theme signage, planters and hanging baskets will be replaced, as needed when damaged or excessively worn. Additional theme signage as well as street furniture and other streetscape/landscape amenities may be installed within the ECBID, if funds allow.

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It is noted that the ECBID is, within Year 5 of the current 5-Year (2016-2020) ECBID term, installing high-quality, UV resistant, artificial flower baskets to employ water conservation and labor saving measures. It is anticipated that these artificial flowers will last up to 3 years versus live plants/flowers that have to be changed at least annually if not more often. This action will save considerable water and plant cultivation/care/replacement costs estimated to be \$13,000 to \$16,000 per year. The cost savings realized from this action will be expended on future amenity component expansion and/or replacement, including but not limited to benches, trash receptacles, theme signage, street furniture and other streetscape/landscape amenities. It is projected that, up to 20% or \$15,810 (plus general benefits and any approved annual assessment rate increase) of the Streetscape Services budget category will be placed in reserve each year for hanging basket plant material replacement projected to occur every 3 years.¹

If, however, it is determined that, at any time, the artificial plants cannot withstand the weather elements (i.e. discoloration, deterioration, etc.), the ECBID will replace the baskets with live plants/flowers and a watering cycle and ongoing care will be implemented. In either case, the basket materials will need to be replaced, added to and/or maintained over the course of ten year ECBID term. If the hanging baskets are converted to live plants/flowers, a portion of the projected not to exceed 20% reserve monies will be needed for ongoing annual basket care/cultivation/water expenses and will not necessarily be carried over from year to year. Any remaining unexpended Streetscape Services funds, reserve or otherwise, in any given year may be used to fund amenities including but not limited to benches, trash receptacles, theme signage, street furniture and other streetscape/landscape amenities.

The plan would be to accrue a reserve of up to approximately \$48,000 (in a Year 1 cost basis) in order to continue this amenity replacement involving 140 hanging baskets all at the same time throughout the ECBID. In order to have sufficient funds available for this expense every 3 years within the 9-year ECBID term, up to 20% or \$15,810 of the Streetscape Services budget (plus general benefits and any approved annual assessment rate increase) will be placed annually in reserve from the Streetscape Services budget category of the renewed ECBID. The Assessment Engineer has determined that proportionate special benefits will be conferred on each and every parcel in the ECBID in the operation year that the reserve funds are expended on this Streetscape Services component task. Detailed annual budgets will be prepared by the Owner’s Association Board and included in an Annual Plan for the City Council’s review and approval as the timing and prioritized needs of these projects is refined each year.

The Streetscape Services element will assist in enhancing the image of each individual assessed parcel in the ECBID. This activity is designed to increase vehicular and pedestrian traffic within the ECBID that will potentially increase commerce and customer activity, attract and retain new business and patrons for assessed parcels within the ECBID boundaries. This activity is intended to increase commercial rents and commercial occupancies. Streetscape services will only be provided to and for the direct special benefit of each individual assessed parcel within the ECBID boundaries and none outside the ECBID area.

¹ The accrued Streetscape Services reserve fund shall be capped each year as shown in the Table entitled: “Projected 9-Year Streetscape Reserves” on pages 11-12 of this Plan. These caps are based on the reserve funds being drawn down and expended every 3 years or up to \$50,764 in Year 3, up to \$58,768 in Year 6 and up to \$68,031 in Year 9. If the reserve funds are not drawn down and expended in full or in part in the years indicated, subsequent year reserve fund balances shall be limited to the caps shown for Year 3, 6 and 9.

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3) **Program Management** \$32,185 (Special and General Benefits)

“Program Management” includes the cost of personnel to oversee implementation of the Management District Plan (and this Report) and the various programs, services and improvement projects delineated in the Plan (and this Report) during the ECBID’s 9-year term. This element also includes oversight of the Owners’ Association’s compliance with the terms of its contract with the City.

This component is key to the proper expenditure of ECBID assessment funds and the administration of ECBID programs and activities that are intended to promote business within the ECBID boundaries through increased commerce and the attraction and retention of new business. The ECBID Program Management program exists only for the purposes of the ECBID and will only be provided for matters pertaining to each individual assessed parcel within the ECBID boundaries that will, in turn, specially benefit from this activity.

4) **Operations** \$18,537 (Special and General Benefits)

“Operations” includes the costs associated with a ECBID management operation such as professional services (e.g. legal, accounting, insurance), printing, postage, supplies, production of the Annual Planning Report and Budget and quarterly reports and participation in professional peer/best practice forums such as the LA BID Consortium, the California Downtown Association or the International Downtown Association. It also covers the costs associated with the ECBID renewal, as well as City and/or County fees associated with their oversight of the ECBID.

This component is key to the proper expenditure of ECBID assessment funds and the administration of ECBID programs and activities that are intended to promote business within the ECBID boundaries through increased commerce and the attraction and retention of new business. Operating expenses pertain only to the operation of the ECBID and will only be provided for matters pertaining to each individual assessed parcel within the ECBID boundaries that will, in turn, specially benefit from this activity.

In summary, all ECBID funded services, programs and improvements described above confer special benefits to identified assessed parcels inside the ECBID boundaries and none will be provided outside of the ECBID. Each assessed parcel within the ECBID will proportionately specially benefit from marketing, streetscape services, program management and operations. These services, programs and improvements are intended to improve commerce, employment, rents, occupancy rates and investment viability of assessed parcels within the ECBID by reducing litter and debris, making capital improvements and professionally marketing goods, services and spaces available within the ECBID, all considered necessary in a competitive properly managed contemporary business district. All ECBID 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 and every assessed parcel within the boundaries of the ECBID.

WORK PLAN BUDGET

Each identified assessed parcel within the ECBID will be assessed for the proportionate special benefit conferred upon it. The projected ECBID program special benefit (assessment) cost allocation budget for Year 1 (2021) is shown in the following Table:

ECBID Year 1 (2021) Special Benefit Assessment Budget

MARKETING	STREETSCAPE SERVICES	PROGRAM MANAGEMENT	OPERATIONS	TOTAL
0.8465%	60.8311%	24.3170%	14.0054%	100.0%
\$1,100	\$79,050	\$31,600	\$18,200	\$129,950

In order to carry out the ECBID programs outlined in the previous section, a Year 1 assessment budget of \$129,950 is projected. Since the ECBID is planned for a 9-year term, projected program costs for future years (Years 2-9) are set at the inception of the ECBID. 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 9-year ECBID term.

It is noted that the ECBID is, within Year 5 of the current 5-Year (2016-2020) ECBID term, installing high-quality, UV resistant, artificial flower baskets to employ water conservation and labor saving measures. It is anticipated that these artificial flowers will last up to 3 years versus live plants/flowers that have to be changed at least annually if not more often. This action will save considerable water and plant cultivation/care/replacement costs estimated to be \$13,000 to \$16,000 per year. The cost savings realized from this action will be expended on future amenity component expansion and/or replacement, including but not limited to benches, trash receptacles, theme signage, street furniture and other streetscape/landscape amenities. It is projected that, up to 20% or \$15,810 (plus general benefits and any approved annual assessment rate increase) of the Streetscape Services budget category will be placed in reserve each year for hanging basket plant material replacement projected to occur every 3 years.¹

If, however, it is determined that, at any time, the artificial plants cannot withstand the weather elements (i.e. discoloration, deterioration, etc.), the ECBID will replace the baskets with live plants/flowers and a watering cycle and ongoing care will be implemented. In either case, the basket materials will need to be replaced, added to and/or maintained over the course of 9-year ECBID term. If the hanging baskets are converted to live plants/flowers, a portion of the projected not to exceed 20% reserve monies will be needed for ongoing annual basket care/cultivation/water expenses and will not necessarily be carried over from year to year. Any remaining unexpended Streetscape Services funds, reserve or otherwise, in any given year may be used to fund amenities including but not limited to benches, trash receptacles, theme signage, street furniture and other streetscape/landscape amenities.

¹ The accrued Streetscape Services reserve fund shall be capped each year as shown in the Table entitled: “Projected 9-Year Streetscape Reserves” on pages 11-12 of this Plan. These caps are based on the reserve funds being drawn down and expended every 3 years or up to \$50,764 in Year 3, up to \$58,768 in Year 6 and up to \$68,031 in Year 9. If the reserve funds are not drawn down and expended in full or in part in the years indicated, subsequent year reserve fund balances shall be limited to the caps shown for Year 3, 6 and 9.

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The plan would be to accrue a reserve of up to approximately \$48,000 (in a Year 1 cost basis) in order to continue this amenity replacement involving 140 hanging baskets all at the same time throughout the ECBID. In order to have sufficient funds available for this expense every 3 years within the 9-year ECBID term, up to 20% or \$15,810 of the Streetscape Services budget (plus general benefits and any approved annual assessment rate increase) will be placed annually in reserve from the Streetscape Services budget category of the renewed ECBID.¹ This Assessment Engineer has determined that proportionate special benefits will be conferred on each and every parcel in the ECBID in the operation year that the reserve funds are expended on this Streetscape Services component task. Detailed annual budgets will be prepared by the Owner’s Association Board and included in an Annual Plan for the City Council’s review and approval as the timing and prioritized needs of these projects is refined each year.

The ECBID will strive to employ cost saving measures throughout the proposed 9-Year renewal term in order to offset program cost increases and, in turn, minimize annual assessment rate increases. Any annual budget surplus, including those created through cost saving measures, will be rolled into the following year’s ECBID budget in accordance with City policy. The budget will be set accordingly, within the constraints of the Management District Plan to adjust for surpluses that are carried forward. ECBID funds may be used for renewal of the ECBID. Funds remaining after Year 9 of the proposed renewed ECBID shall be rolled over into the new ECBID in accordance with City policy if renewed again or, if not renewed, unexpended/unencumbered funds shall be returned to the property owners in accordance with City policy and State PBID Law (Streets and Highways Code section 36671).

Detailed annual budgets will be prepared by the Owner’s Association Board and included in an Annual Plan for the 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 9-year term of the proposed renewed ECBID. 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 subject to the review and approval by the Owners’ Association Board and in accordance with City policy. Such reallocation will be included in the Annual Planning Report for the approval by the Los Angeles City Council pursuant to the 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 9-year projected ECBID budget is shown in the following Table:

YEAR 1-19 PROJECTED DISTRICT ASSESSMENT BUDGET SUMMARY (Special Benefits)
(Assumes 5% max rate increase per year)

YEAR	MARKETING	STREETSCAPE SERVICES	PROGRAM MANAGEMENT	OPERATIONS	TOTAL
	0.8465%	60.8311%	24.3170%	14.0054%	100%

¹ The accrued Streetscape Services reserve fund shall be capped each year as shown in the Table entitled: “Projected 9-Year Streetscape Reserves” on pages 11-12 of this Plan. These caps are based on the reserve funds being drawn down and expended every 3 years or up to \$50,764 in Year 3, up to \$58,768 in Year 6 and up to \$68,031 in Year 9. If the reserve funds are not drawn down and expended in full or in part in the years indicated, subsequent year reserve fund balances shall be limited to the caps shown for Year 3, 6 and 9.

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1	2021	\$1,100	\$79,050	\$31,600	\$18,200	\$129,950
2	2022	\$1,155	\$83,003	\$33,180	\$19,110	\$136,448
3	2023	\$1,213	\$87,153	\$34,839	\$20,066	\$143,271
4	2024	\$1,274	\$91,511	\$36,581	\$21,069	\$150,435
5	2025	\$1,338	\$96,087	\$38,410	\$22,122	\$157,957
6	2026	\$1,405	\$100,891	\$40,331	\$23,228	\$165,855
7	2027	\$1,475	\$105,936	\$42,348	\$24,389	\$174,148
8	2028	\$1,549	\$111,233	\$44,465	\$25,608	\$182,855
9	2029	\$1,626	\$116,795	\$46,688	\$26,888	\$191,997

The ECBID assessments may increase for each individual parcel each year during the 9-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 City of Los Angeles City Council. Any accrued interest and delinquent payments will be expended within the budgeted categories in accordance with City policy. The Owners’ Association Board of Directors (“Property Owner’s Association of the ECBID) 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 ECBID 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 renewed ECBID.

Pursuant to Section 36671 of the Streets and Highways Code, any funds remaining after the 9th year of operation will be rolled over into the renewal budget or returned to stakeholders in accordance with City policy. ECBID assessment funds may be used to pay for costs related to the following ECBID renewal term. If the ECBID is not renewed or terminated for any reason, unexpended funds will be returned to the property owners in accordance with City policy and State Law.

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 district will be assessed based on property characteristics unique only to that parcel. Based on the specific needs and corresponding nature of the program activities to be funded by the proposed renewed ECBID (i.e. marketing, streetscape services, program management 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, land area and street frontage

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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 district as a whole. Larger buildings/parcels and/or ones with larger frontages are expected to impact the demand for services and programs to a greater extent than smaller building/land areas and/or street frontages 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 value 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 value) is computed by dividing the individual parcel assessment by the total special benefit value.

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 renewed ECBID, they are also considerably less than other options considered by the ECBID Renewal Committee. The actual assessment rates for each parcel within the ECBID directly relate to the level of service and, in turn, special benefit to be conferred on each parcel based on the respective building area, land area and street frontage 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 is one government owned parcel in the renewed ECBID boundaries (APN 2258-017-900), a public park owned by the City of Los Angeles. The park fronts the north side of Ventura Boulevard between Paso Robles Avenue and Genesta Avenue. The City’s Department of Recreation and Parks provides complete streetscape and landscape services to the grassy parkways adjacent to the park and the park’s interior. The ECBID will not provide any services to this block, will not direct any special projects that include the park, nor will the ECBID feature the park in the quarterly newsletters or website. The ECBID programs and services are designed to improve commerce and the park has no commercial activities, and thus, it is the opinion of this Assessment Engineer, that the park will not specially benefit from ECBID funded programs and services. For these reasons, this City park parcel will not be assessed.

The Table below lists all publicly owned parcels within the proposed renewed ECBID and their Year 1 (2021) assessment amounts:

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ECBID PUBLICLY OWNED PARCEL(S)

APN	PUBLIC AGENCY OWNER		SITE ADDRESS	USE	YEAR 1 (20121) ASSESSMENT	% of TOTAL
2258017900	L A CITY	17501	Ventura Blvd	City Park	\$0.00	0.00%
	L A CITY Total				\$0.00	0.00%

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 renewed ECBID.

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 renewed ECBID and resultant assessment levies will continue for 9-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, land area and street frontage.

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 BID begins with the selection of a suitable and tangible basic benefit unit. For property related services, such as those proposed in the ECBID, 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 a BID 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.

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Next, all program and activity costs, including incidental costs, BID 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 BID properties; only direct or “special” benefits and costs may be considered. Indirect or general benefits, 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 page 20 of this Report for discussion regarding publicly owned parcels within the ECBID).

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 a BID.

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

ECBID Assessment Formula

Based on the specific needs and corresponding nature of the program activities to be funded by the proposed renewed ECBID (i.e. marketing, streetscape services, program management 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, land area and street frontage within one Benefit Zone.

The “Basic Benefit Units” will be expressed as a combined function of building square footage (Benefit Unit “A”), land square footage (Benefit Unit “B”) and street frontage (Benefit Unit “C”). Based on the shape of the proposed renewed ECBID, as well as the nature of the ECBID program elements, it is determined that all identified assessed properties will gain a direct and proportionate degree of special benefit based on the respective amount of building area, land area and street frontage within one Benefit Zone.

For the array of land uses within the ECBID, the interactive application of building area, land area and street frontage quantities are a proven method of fairly and equitably spreading special benefits to these beneficiaries of ECBID funded services, programs and improvements. Each of these factors directly relates to the degree of special benefit each assessed parcel will receive from ECBID funded activities.

Building area is a direct measure of the static utilization of each parcel and its corresponding impact or

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draw on ECBID funded activities such as marketing and streetscape services/improvements. In the opinion of this Assessment Engineer, the targeted weight of this factor, building area, should generate approximately 45% of the total ECBID revenue (45.001438% when adjusted for precise parcel measurements and program costs and service levels).

Land area is a direct measure of the current and future development capacity of each parcel and its corresponding impact or draw on ECBID funded activities. In the opinion of this Assessment Engineer, the targeted weight of this factor, land area, should generate approximately 25% of the total ECBID revenue (24.16955% when adjusted for precise parcel measurements and program costs and service levels).

Street frontage is a direct measure of the static utilization of each parcel and its corresponding impact or draw on ECBID funded activities, many of which are linear in nature (i.e. streetscape services). In the opinion of this Assessment Engineer, the targeted weight of this factor, street frontage, should generate approximately 30% of the total ECBID revenue (30.829012% when adjusted for precise parcel measurements and program costs and service levels. It is note that only Ventura Boulevard facing street frontage will be assessed since ECBID services are only provided along this frontage and none on side or secondary street frontages.

Step 2. Quantify Total Basic Benefit Units

Taking into account all identified specially benefiting parcels within the ECBID 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)	STREET FRONTAGE (LF)	# OF PARCELS	# OF ASSESSABLE PARCELS
1,193,462	2,326,553	9,480	74	73

Year 1 – 2021 - Projected Assessment Revenue

BLDG AREA ASSMT REVENUE	LAND AREA ASSMT REVENUE	STREET FRONTAGE ASSMT REVENUE	SUBTOTAL ASSMT REVENUE
\$58,479.63	\$31,408.47	\$40,062.48	\$129,950.58
45.001438%	24.16955%	30.829012%	100.00%

Step 3. Calculate Benefit Units for Each Property.

The number of Benefit Units for each identified benefiting parcel within the proposed renewed ECBID was computed from data extracted from County Assessor records and maps. These data sources delineate current land uses, property areas and dimensions of record for each tax parcel. While it is understood that

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

Step 4. Determine Assessment Formula

In the opinion of this Assessment Engineer the assessment formula for the proposed renewed ECBID is as follows:

Assessment = Building Area (Unit A) Sq Ft x Unit A Rate, plus
Land Area (Unit B) Sq Ft x Unit B Rate, plus
Street Frontage (Unit C) Lin Ft x Unit C Rate

YEAR 1 –2021 Assessment Rates

BLDG AREA ASSMT RATE (\$/SQ FT)	LAND AREA ASSMT RATE (\$/SQ FT)	STREET FRONTAGE ASSMT RATE (\$/LF)
\$0.0490	\$0.0135	\$4.226

Changes to Building Size, Parcel Size and/or Street Frontage

Any changes in building and parcel size and street frontage(s) as a result of new construction, demolition, 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 building or parcel adjustments.

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 Report would require a new Proposition 218 ballot procedure in order to approve any such changes.

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

Assessment Formula Unit Rates

Using figures from the Assessable Benefit Units Table and the Projected Assessment Revenue Table on

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page 23 of this Report, the assessment rates and weighted multipliers for each factor are calculated as follows:

Building Area Rate (Unit A)

$$(\$129,950.58 \times 45.001438\%) / 1,193,462 \text{ units} = \$0.0490 / \text{sq ft bldg area}$$

Land Area Rate (Unit B)

$$(\$129,950.58 \times 24.16955\%) / 2,326,553 \text{ units} = \$0.0135 / \text{sq ft land area}$$

Street Frontage (Ventura Blvd.) Rate (Unit C)

$$(\$129,950.58 \times 30.829012\%) / 9,480 \text{ units} = \$4.226 / \text{lin ft street frontage}$$

Step 5. Estimate Total ECBID Costs

The total projected 9-year special benefit values for 2021-2030 of the ECBID are shown in the Table on pages 18-19 of this Report assuming a maximum increase 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 \$132,357. General benefits are factored at 1.8186% of the total benefit value (see Finding 2 beginning on page 5 of this Report) with special benefits set at 98.1814%. Article XIID Section 4(b) of the California Constitution limits the levy of property assessments to costs attributed to special benefits only. The 1.8186% general benefit value is computed to be \$2,407 with a resultant 98.18% special benefit limit computed at \$129,950. 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 ECBID.

All program costs associated with general benefits will be derived from sources other than ECBID assessments.

Step 7. Calculate “Basic Unit Cost”

With a YR 1 - 2021 assessment revenue portion of the budget set at \$129,950 (special benefit only), the Basic Unit Costs (rates) are shown earlier in Step 4. Since the ECBID is proposed to be renewed for a 9 - year term, maximum assessments for future years (2022-2029) must be set at the inception of the proposed renewed ECBID. 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 ECBID Property Owner’s Association. The maximum assessment rates for the 9-year proposed renewed

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ECBID term of 2021-2029 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 renewed ECBID term (2021-2029).

In addition, any annual budget surplus or deficit will be incorporated into the subsequent year’s ECBID budget. Within the constraints of the annual adjustment, annual assessments will be set to account for surpluses or deficits carried forward in accordance with City policy.

ECBID – 9-Year Maximum Assessment Rates (Includes a 5%/Yr. Max Increase)

BLDG AREA ASSMT RATE (S/SQ FT)	LAND AREA ASSMT RATE (S/SQ FT)	STREET FRONTAGE ASSMT RATE (\$/LF)
<u>YR 1 - 2021</u>		
\$0.049	\$0.0135	\$4.226
<u>YR 2 - 2022</u>		
\$0.0515	\$0.0142	\$4.4373
<u>YR 3 - 2023</u>		
\$0.0541	\$0.0149	\$4.6592
<u>YR 4 - 2024</u>		
\$0.0568	\$0.0156	\$4.8922
<u>YR 5 - 2025</u>		
\$0.0596	\$0.0164	\$5.1368
<u>YR 6 - 2026</u>		
\$0.0626	\$0.0172	\$5.3936
<u>YR 7 - 2027</u>		
\$0.0657	\$0.0181	\$5.6633
<u>YR 8 - 2028</u>		
\$0.0690	\$0.0190	\$5.9465
<u>YR 9 - 2029</u>		
\$0.0725	\$0.0200	\$6.2438

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SAMPLE ASSESSMENT CALCULATION:

A 20,000 sq ft lot with a 15,000 sq ft building and 100 LF of Ventura Blvd street frontage

Building	= 15,000 x 4.9¢/SF	= \$ 735.00
Land	= 20,000 x 1.35¢/SF	= \$ 270.00
Ventura Blvd Frontage	= 100 LF x \$4.226/LF	= <u>\$ 422.60</u>
TOTAL YEAR 1 (2021) ASSESSMENT		= <u>\$1,427.60</u>

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

Step 8. Spread the Assessments

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

Miscellaneous ECBID Provisions

Time and Manner of Collecting Assessments:

Assessments for the Property Tax Year beginning July 1, 2020 and ending June 30, 2029, shall be collected at the same time and in the same manner as ad valorem taxes paid to the County of Los Angeles (Operation Years 2021-2029). The ECBID 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 renewed ECBID.

Duration

As allowed by State PBID Law, the ECBID will have a nine (9) year operational term from January 1, 2021 to December 31, 2029. The proposed renewed ECBID operation is expected to begin services on January 1, 2021. If the ECBID is not renewed again at the end of the proposed 9-year renewal term, services will end on December 31, 2029.

APPENDIX 1

ECBID YR 1 – 2021 ASSESSMENT ROLL

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APN	Site Address	Year 1 - 2021 Assessment	% of Total
2257 008 001	17501 VENTURA BLVD	\$682.51	0.525%
2257 008 002	17511 VENTURA BLVD	\$572.86	0.441%
2257 008 005	17523 VENTURA BLVD	\$400.74	0.308%
2257 008 015	17517 VENTURA BLVD	\$491.88	0.379%
2257 008 026	17641 VENTURA BLVD	\$1,236.74	0.952%
2257 008 027	17661 VENTURA BLVD	\$1,883.36	1.449%
2257 008 040	17615 VENTURA BLVD	\$2,133.80	1.642%
2257 008 045	17609 VENTURA BLVD	\$3,439.47	2.647%
2257 008 046	17525 VENTURA BLVD	\$3,122.65	2.403%
2257 008 048	17547 VENTURA BLVD	\$2,859.23	2.200%
2257 008 049	17555 VENTURA BLVD	\$2,831.88	2.179%
2257 016 001	17301 VENTURA BLVD	\$1,101.69	0.848%
2257 016 053	17337 VENTURA BLVD	\$5,583.66	4.297%
2257 016 054	17451 VENTURA BLVD	\$2,738.42	2.107%
2257 016 056	17323 VENTURA BLVD	\$2,654.21	2.042%
2257 016 059	17401 VENTURA BLVD	\$10,651.60	8.197%
2258 012 008	17129 VENTURA BLVD	\$496.83	0.382%
2258 012 022	17201 VENTURA BLVD	\$6,712.23	5.165%
2258 012 025	17141 VENTURA BLVD	\$2,887.30	2.222%
2258 012 026	17257 VENTURA BLVD	\$3,559.52	2.739%
2258 012 028	17107 VENTURA BLVD	\$3,110.71	2.394%
2258 013 001	17001 VENTURA BLVD	\$940.19	0.723%
2258 013 002	17007 VENTURA BLVD	\$890.85	0.686%
2258 013 008	17043 VENTURA BLVD	\$247.74	0.191%
2258 013 011	17049 VENTURA BLVD	\$164.69	0.127%
2258 013 012	17057 VENTURA BLVD	\$679.73	0.523%
2258 013 014	17057 VENTURA BLVD	\$908.35	0.699%
2258 013 019	17035 VENTURA BLVD	\$562.81	0.433%
2258 013 020	17017 VENTURA BLVD	\$936.01	0.720%
2258 013 021	17027 VENTURA BLVD	\$631.34	0.486%
2258 013 022	17031 VENTURA BLVD	\$706.69	0.544%
2258 013 023	17047 VENTURA BLVD	\$668.46	0.514%
2258 017 900	17501 VENTURA BLVD	\$0.00	0.000%
2258 018 001	16925 VENTURA BLVD	\$780.82	0.601%
2258 018 002	16919 VENTURA BLVD	\$171.79	0.132%
2258 018 003	16917 VENTURA BLVD	\$270.98	0.209%
2258 018 004	16911 VENTURA BLVD	\$492.23	0.379%
2258 018 018	16901 VENTURA BLVD	\$735.70	0.566%
2289 001 016	16900 VENTURA BLVD	\$1,310.67	1.009%
2289 002 001	16952 VENTURA BLVD	\$638.56	0.491%
2289 002 002	16946 VENTURA BLVD	\$343.63	0.264%
2289 002 003	16944 VENTURA BLVD	\$416.95	0.321%
2289 002 004	16940 VENTURA BLVD	\$574.29	0.442%
2289 002 020	16928 VENTURA BLVD	\$824.53	0.634%
2289 003 004	17016 VENTURA BLVD	\$363.67	0.280%
2289 003 022	17000 VENTURA BLVD	\$2,492.67	1.918%
2289 003 023	NO SITE ADDRESS	\$293.38	0.226%
2289 003 026	NO SITE ADDRESS	\$23.65	0.018%

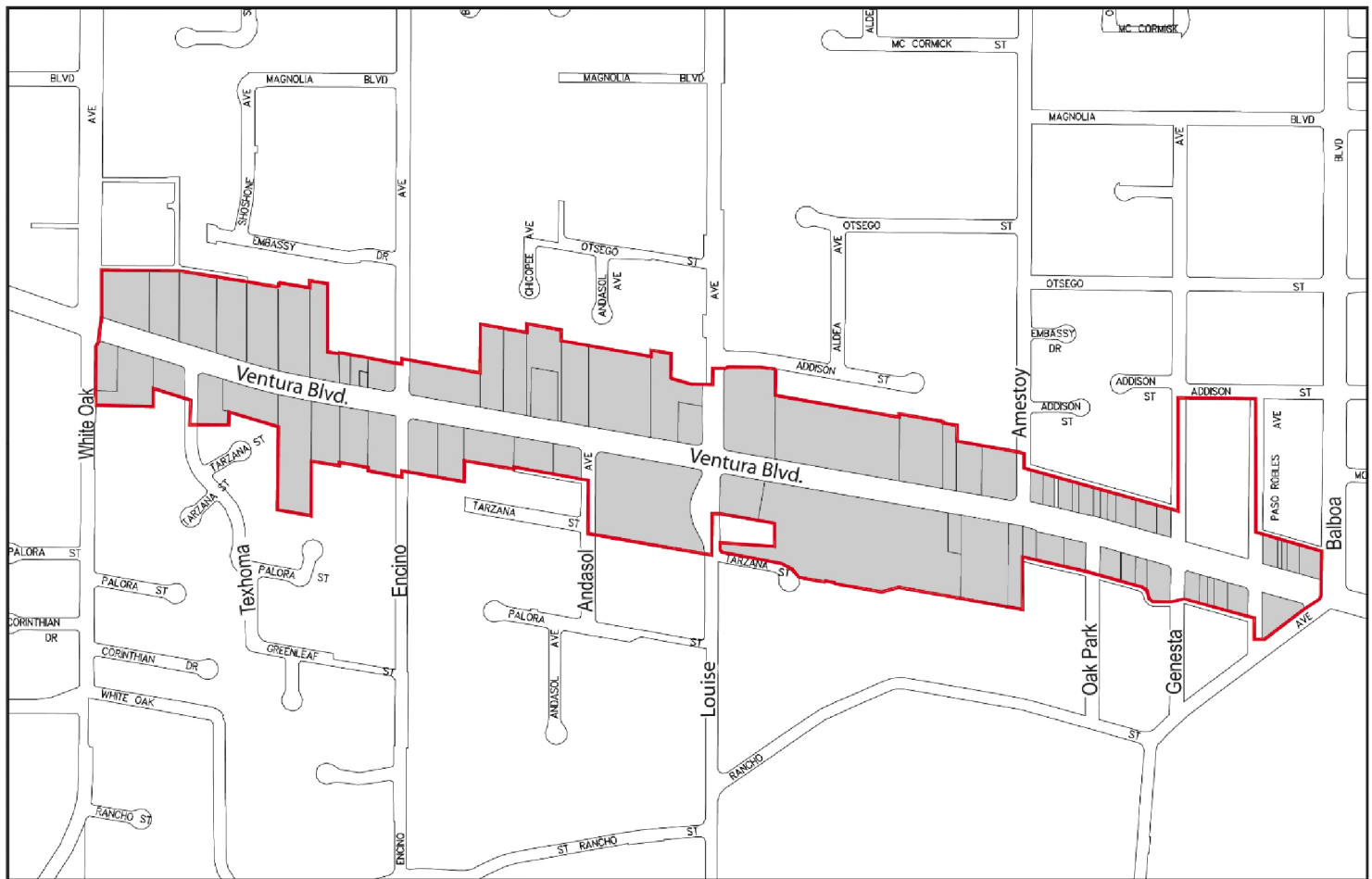
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2289 003 027	17020 VENTURA BLVD	\$918.88	0.707%
2289 004 001	17060 VENTURA BLVD	\$557.12	0.429%
2289 004 023	17040 VENTURA BLVD	\$840.30	0.647%
2289 004 029	NO SITE ADDRESS	\$1,133.02	0.872%
2289 005 002	17114 VENTURA BLVD	\$2,583.86	1.988%
2289 005 010	17130 VENTURA BLVD	\$641.60	0.494%
2289 005 012	17114 VENTURA BLVD	\$1,133.64	0.872%
2289 005 020	17258 VENTURA BLVD	\$1,389.72	1.069%
2289 005 026	17136 VENTURA BLVD	\$141.22	0.109%
2289 005 058	NO SITE ADDRESS	\$843.17	0.649%
2289 005 059	17200 VENTURA BLVD	\$15,436.67	11.879%
2290 001 002	17300 VENTURA BLVD	\$6,663.54	5.128%
2290 004 001	17406 VENTURA BLVD	\$1,599.34	1.231%
2290 004 024	17448 VENTURA BLVD	\$1,269.34	0.977%
2290 004 025	17460 VENTURA BLVD	\$1,418.51	1.092%
2290 004 035	17438 VENTURA BLVD	\$1,590.75	1.224%
2290 004 038	17404 VENTURA BLVD	\$1,414.06	1.088%
2290 007 001	17500 VENTURA BLVD	\$1,226.93	0.944%
2290 007 002	17514 VENTURA BLVD	\$1,501.40	1.155%
2290 007 007	17538 VENTURA BLVD	\$2,411.06	1.855%
2290 007 008	17530 VENTURA BLVD	\$1,794.06	1.381%
2290 008 019	17612 VENTURA BLVD	\$1,010.32	0.777%
2290 008 020	17554 VENTURA BLVD	\$2,079.41	1.600%
2290 009 014	17630 VENTURA BLVD	\$1,182.22	0.910%
2290 010 002	17660 VENTURA BLVD	\$1,097.85	0.845%
2290 010 012	17648 VENTURA BLVD	\$1,851.00	1.424%

APPENDIX 2

ENCINO COMMONS BID

BOUNDARY MAP



-  B.I.D. PROPERTIES (PROPERTY BASED)
-  B.I.D. BOUNDARY

ENCINO COMMONS
PROPERTY BUSINESS IMPROVEMENT DISTRICT

