



The Lincoln Heights Industrial Zone
Property & Business Improvement District
(LHIZBID)

MANAGEMENT DISTRICT PLAN

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

**Prepared by:
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MANAGEMENT DISTRICT SUMMARY

The Lincoln Heights Industrial Zone BID is a Property and Business Improvement District (LHIZBID) being proposed for a 5-year period by the Board of the Historic Lincoln Heights Industrial Zone Economic Development Corporation and business owners within the current PBID area. The current district will end its five-year term on December 31st, 2020. For the sake of consistency, this Property Business Improvement District will be referred to as a "BID", throughout this document.

The purpose of renewing this BID is to provide and manage supplemental services and improvements for this growing transit-oriented district which is in the process of tremendous redevelopment. The services to be provided by the new BID will include sidewalk operations, district identity, and administration services. The LHIZBID is a unique benefit assessment district that will enable the LHIZBID property owners and businesses to continue to work as a unit, to fund needed property, business-related and residentially oriented improvement programs and services above what is provided by the City of Los Angeles.

This will be the second renewal of this district, originally formed in 2000 when the district was fully industrial with some of the oldest manufacturing buildings in the City. The BID was formed in 2000 and renewed in 2010 under a local enabling ordinance at that time. The new district will be formed under the California Streets and Highway Code which requires an initial term of five years, and then may be renewed for up to ten years at a time.

Name: The name of the new BID is the Lincoln Heights Industrial Zone Business Improvement District (LHIZBID). It will be referred to as the "proposed BID" throughout this document.

Location: The proposed LHIZBID is in the heart of the historic Lincoln Heights Industrial Zone community. The key streets that make up the LHIZBID area include those parcels on the south eastern side of the Pasadena Freeway, Highway 110, the north side of Interstate 5 and the key streets being Avenue 26, Humboldt Street, Artesia Street, Lacy Street and Avenue 33 and 34.

Benefit Zones: The District consists of one benefit zone with two distinct assessment methodologies for commercial properties and residential condominium properties built on commercially zoned parcels.

Services: The key special benefit services by category will include: Sidewalk Operations, District Identity and Administration Services.

Finance: Benefit assessment of real property (251 parcels, of which 247 are identified as assessable). No bonds shall be issued to fund the new LHIZBID programs.

Budget: PBID assessment revenue for Year 1 is projected to be \$125,528. It is noted that the Assessment Engineer has determined that general benefits equate to 2% of the total adjusted BID programs of \$128,090 or \$ 2,562. General benefit revenue shall be derived from non-assessment revenue sources.

Year 1 – PROPOSED BUDGET (ASSESSMENT REVENUES/SPECIAL BENEFIT)

	Sidewalk Operations	District Identity	Administration Services	TOTAL
%	70%	8%	22%	100%
Special Benefits	\$ 88,000	\$ 10,000	\$ 27,528	\$ 125,528
Including General Benefits	\$ 1,796	\$ 204	\$ 562	\$2,562
Total Budget	\$ 89,796	\$ 10,204	\$28,090	\$ 128,090

Benefits

“General Benefit” is 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 LHIZBID or to the public at large.

Formula

There is one benefit zone in the proposed LHIZBID.

YEAR 1 –Assessment Rates

Building Square Footage Annual Costs	Land Area Annual Costs	Residential Condominium Annual Costs
\$0.025 per year	\$0.03 per year`	\$ 0.04 per year

Cap

Assessment increases are capped at a maximum of 5% per year, subject to approval by the LHIZBID Property Owner Association Board of Directors.

Establishment

The proposed BID formation is a two-step process. First, petitions signed by BID property owners representing at least 50% of the total assessment to be levied must be secured. Second, property owners will be sent a ballot to vote on the PBID Proposed. Returned ballots in support of the PBID Proposed must outweigh those in opposition based on the amount of assessment to be levied.

Duration

As allowed by State PBID Law, the District will have a five (5) year operational term from January 1, 2021 to December 31, 2025. The proposed District operations are expected to begin services on January 1, 2021.

II. PROPOSED LINCOLN HEIGHTS INDUSTRIAL ZONE PBID BOUNDARIES

General

The proposed Lincoln Heights Industrial Zone BID is located on the southeastern side of the Pasadena Freeway (110), on the north side of Interstate 5 and, in general on the northwest side of Barranca Street and Pasadena Avenue. The proposed BID has 250 parcels, with 247 assessed parcels and 216 property owners. The proposed LHIZBID is an area that used to be part of a larger street grid in the City of Los Angeles, however has been re-defined by the construction of both Highway 110 and Interstate 5 – and fills the northwestern corner of the intersection of those two major freeways.

Boundary Description

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

Benefit Zones

The District consists of one benefit zone with two methodologies listed for commercial properties and residential condominium properties built on commercially zones parcels.

District Boundary Rationale

The proposed Lincoln Heights Industrial Zone BID boundaries are comprised of the commercial core parcels where the historic economic activity of Lincoln Heights Industrial Zone is centered. All commercial parcels that are included in the general boundaries description above are included in the proposed new BID. Residentially zoned parcels, consistent with Streets and Highway Code Section 36600, are not included in the boundaries of the proposed LHIZBID.

Boundaries

In general, the boundaries of the new Lincoln Heights Industrial Zone Business Improvement District will include all of the same assessed parcels within the former BID approved in 2010. The new BID will provide special benefit services to the individual assessed parcels which need and will benefit from the system of special benefit services that have been provided to the existing BID. In addition, the Golden State Freeway, Highway 110 and Pasadena Avenue serve as a natural and rational border to the industrial parcels and new residential parcels built over the past ten years adjacent to the Lincoln Heights Gold Line station.

The boundaries of the new BID will include those individual parcels that will specifically benefit from the planned programs and services benefit services. To the greatest extent possible, the boundaries of the new BID have been set to exclude sides of blocks where the predominant land uses are single family residential units, on residentially zoned parcels. That is the reason why some adjacent sides of streets have been included while the opposite side of the street has been deleted. In the case of sides of streets where the predominant land uses are single family residential units on single parcels on residentially zoned parcels, it has been determined that these sides of the street will not derive benefit from the special benefit services of the district, when compared to the sides of blocks that contain predominant

land uses including industrial, commercial, ecumenical, public and multi-family residential buildings in the proposed district.

The Property and Business Improvement District Law of 1994, California Streets & Highway Code § 36632 states, *“Properties zoned solely for residential use, or that are zoned for agricultural use, are conclusively presumed not to benefit from the improvements and service funded through these assessments and shall not be subject to any assessment pursuant to this part.”*

The new BID boundaries, as proposed, are as follows:

- **On the North**, commencing at the southern side of the Pasadena Freeway (110) at Pasadena Avenue (west side), (parcel 5205-004-010) running westward along the south side of the Pasadena Freeway (110), following the Avenue 26 northbound onramp to the freeway to the parcel at the northwestern corner of the intersection of Avenue 26 and the Pasadena Freeway (110) (parcels # 5205-012-901 and # 5205-012-900). The pedestrian walkway between parcels # 5205-003-008 and 5205-003-006 is excluded from the boundaries of the new BID. The pedestrian walkway has never been included in the district since 2000 because it does not have a parcel number and its function is to transport children from the east side of Highway 110 to their school on the west side of Highway 110.
- **On the West**, from the northwestern corner of the intersection of the Pasadena Freeway (110) and the Golden State Freeway (parcel 5205-012-901, running southward along the east side of the Golden State freeway to parcel # 5205-013-009).
- **On the South**, commencing from parcel at the northeastern corner of the intersection of the Golden State freeway and Barranca Street, (parcel # 5205-013-009). Services shall be provided on all sides of the residential parcel at 5205-013-009. Running eastward along the north side of Barranca Street which includes the industrial properties on the north side and excluding the single-family residential homes which are residentially zoned on the south side of Barranca. The southern boundary then runs north along the middle of Avenue 26 including all of the parcels from Barranca to Humboldt Street, on the west side of Avenue 26 only. Continuing on eastward on both sides of Humboldt Street of the street up to the triangular parcel at the intersection of Barranca Street and Humboldt Street (parcel # 5205-015-015). The parcels on the south side of Humboldt from Avenue 26 to Avenue 33 shall be one parcel deep to on the south side to reflect the commercially zoned parcels on those blocks. The services stop at Humboldt since Humboldt Street represents the historic edge of the industrial zone district where the land uses were predominantly of an industrial or manufacturing nature. Parcels 5205-006-036, 037, 038, and 039 have been excluded from the renewed and expanded BID since they are zoned as single-family residentially zoned parcels and will not receive any special benefit from the BID services.
- **On the East**, commencing at the parcels at the intersection of Humboldt Street, Barranca Street and Avenue 29 including parcels # 5205-015-015, 5205-017-028 and 015 and 5205-016-021. Running northward along the east side of Humboldt Street to Avenue 33, running eastward along the north side of Avenue 33 to Pasadena Avenue (parcel # 5205-005-043) then running northward along the west side of Pasadena Avenue from Avenue 33 up to the Pasadena Freeway (110), ending at parcel 5205-004-010. Only the west side of Pasadena Avenue is included since those

are the original boundaries of the current BID and that street acts as a demarcation of industrial land uses on the west side, versus predominantly single family residentially zoned individual parcels on the east side of Pasadena Avenue. The west side of Pasadena Avenue is the original boundary of the Industrial Zone BID, since it was determined in 2000, and reaffirmed during the renewal of 2010. The boundaries of the new district have been reaffirmed to include only one side of Pasadena Avenue due to the fact that the individual parcels between Pasadena Avenue west to the Golden State freeway will be cleaned under a system of special benefit sidewalk cleaning services with rational boundaries that define the historic entry and exit to the Industrial zone parcels. The intent of the special benefit services for the "Industrial Zone" was in fact, to service the individual parcels in the blocks and sides of blocks that were, and are, predominantly industrial, manufacturing, distribution and commercial land uses.

The District will only provide services to the individual assessed parcels within the boundaries; services will not be provided to parcels that are not assessed. No District programs and services will be provided north of the northern District boundary.

Summation

A list of all parcels included in the proposed LHIZBID is shown as Appendix 1, attached to this report identified by their respective Los Angeles County assessor parcel number. The boundary of the proposed LHIZBID are shown on the map of the proposed LHIZBID is to be found on page 8 of this report.

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

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

III. PROPOSED FIVE-YEAR PBID WORK PLAN AND BUDGET

Overview

The programs and activities to be funded by the proposed LHIZBID will include Sidewalk Operations, District Identity and Administration Services. The property uses within the boundaries of the District that will receive special benefits from District funded programs, services and improvements are currently a unique mix of industrial, manufacturing, municipal, studio, retail and residential with mixed use housing developments, auto service and other neighborhood serving retail uses. District funded activities are primarily designed to provide special benefits as described below to identified assessed parcels and array of land uses within the boundaries of the District.

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

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

The projected program special benefit cost allocation of the District assessment revenues for the 5-year District term assuming a 5% maximum annual assessment rate increase is shown in the Table on page 13 of this Plan.

Work Plan Details

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

The following programs, services and improvements are proposed by the LHIZBID to specially benefit each individually assessed parcel within the District boundaries. LHIZBID services, programs and improvements will not be provided to parcels outside the District boundary. Assessment funds generated in each benefit zone shall only be used to provide services which specially benefit individual assessed parcels within that benefit zone.

Year 1 – PROPOSED BUDGET (ASSESSMENT REVENUES/SPECIAL BENEFIT)

Sidewalk Operations:

\$ 88,000 (Special Benefit) \$ 1,796 (General Benefit) = \$ 89,796 70%

The special benefit services related to Sidewalk Operations respond to issues between the curb and property line of each parcel fronting onto a public street. Such special benefit services include but are not limited to cleaning personnel, vehicles, trash disposal, sidewalk sweeping, graffiti removal and tree planting, maintenance and trimming.

- Landscaping services includes landscaping care and weed removal services throughout the entire District at the discretion of the property owners, at a frequency determined by the Owners’ Association. These services will be provided approximately six days per week.
- Sanitation personnel will work on a regular basis sweeping up trash and litter from the sidewalks and gutters of the District at a frequency determined by the Owners’ Association.
- Graffiti removal entails receiving reports of and then quick removal of graffiti throughout the District.

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

District Identity:

\$ 10,000 (Special Benefit) \$ 204 (General Benefit) = \$ 10,204 8%

The District Identity component of the Special Benefits services strive to build the identity of the “Lincoln Heights Industrial Zone” district from where it is today. The District Identity services would include, but not be limited to:

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

To carry out the District programs outlined in the previous section, a Year 1 assessment budget of \$125,528 is projected. Since the District is planned for a 5-year term, projected program costs for future years (Years 2-5) are set at the inception of the District. While future inflationary, new development assessments and other program cost increases are unknown at this point, a built-in maximum increase of 5% per annum, commensurate to special benefits received by each assessed parcel, is incorporated into the projected program costs and assessment rates for the 5-year District term. The District shall adhere to the budget and Management District Plan. While some variation is permissible to account for unexpected circumstances, the funding allocated to each funding category expressed as a percentage of the total budget, shall not vary by more than 10% of total budget from each year's percentage in the Management District Plan.

Any proposed variation that exceeds 10% of total budget shall be subject to review and approval of the City Clerk's office. Any surplus or unspent funds, per category, shall not accumulate year to year over the life of the BID.

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

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

The Assessment Engineer (see attached Engineer’s Report) has found that the general benefits (i.e. general benefits to assessed parcels within the District, the general public and surrounding parcels outside the LHIZBID) of the proposed programs, services and improvements (i.e. Sidewalk Operations, District Identity and Administration Services) represent 2% of the total benefits generated and, in turn, 2% (\$2,562) of the total adjusted costs of the LHIZBID funded improvements, activities and services provided.

Total Year 1 adjusted costs are estimated at \$125,528. General benefits are factored at 2% of the total adjusted costs (**see Finding 2 in the attached Engineer’s Report**) with special benefits set at 98% of the total annual budget. Article XIII D Section 4(b) of the California Constitution limits the levy of property assessments to costs attributed to special benefits only. The 2% general benefit cost is computed to be \$2,562 with a resultant 98% special benefit limit computed at \$125,528.

Based on current property data and land uses, this is the maximum amount of Year 1 revenue that can be derived from property assessments from the subject District.

All programs associated with general benefits will be derived from sources other than District assessments. Sample “other” revenue sources are shown in the following Table:

Special and General Benefit Revenue Sources

Revenue Source	Revenue	% of Total
District Assessments/Special benefit	\$ 125,528	98%
General Benefit	\$2,562	2%
TOTAL	\$ 128,090	100%

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

Pursuant to Section 36671 of the Streets and Highways Code, any funds remaining after the 5th year of operation will be rolled over into the proposed budget or returned to stakeholders. District assessment funds may be used to pay for expenditures related to the following District proposed term. If the District is not proposed or terminated for any reason, unexpended funds will be returned to the property owners in the same proportion in which they were collected.

Manner of Collection

Assessments for the County of Los Angeles Property 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 2021-2025). The District 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 this Management District Plan.

IV. PROPOSED PBID ASSESSMENT FORMULA

The BID programs and services described in this Management District Plan will be funded through benefit assessments against real property in the BID and non-assessment revenues to fund the costs associated with general benefits conferred on assessed parcels within the District, the public at large and surrounding parcels outside of the proposed LHIZBID boundaries. The assessment formula has been developed to ensure that no parcel will be assessed an amount that exceeds the cost of the proportional special benefit that parcel derives from the programs, services and improvements to be funded by the proposed benefit assessments. The assessment rates are based on the anticipated benefit to be derived by each individual parcel within the boundary of the proposed LHIZBID.

Based on the specific needs and corresponding nature of the program activities to be funded by the proposed LHIZBID (i.e. Sidewalk Operations, District Identity and Administration services, the assessment factors on which to base assessment rates relate directly to the proportionate amount of land area and street frontage within district boundaries.

The "Basic Benefit Units" will be expressed as a combined function of land square footage (Benefit Unit "A"), building square footage (Benefit Unit "B") and residential condominium building square footage, (Benefit Unit "C"). Based on the shape of the proposed LHIZBID, as well as the nature of the District 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 land area, street frontage and building square footage.

For the array of land uses within the District, the interactive application of land area, building square footage for commercial and residential condominium are a proven method of fairly and equitably spreading special benefit costs to these beneficiaries of District funded services, programs and improvements. Each of these factors directly relates to the degree of special benefit each assessed parcel will receive from District funded activities.

Land Area is a direct measure of the current and future development capacity of each parcel and its corresponding impact or draw on District funded activities. The targeted weight of this factor, land area, should generate approximately 68% of the total first year District revenue.

Building Square Footage is a direct measure of the current and future improvements to the land area of each parcel and its corresponding impact or draw on District funded activities. The targeted weight of this factor, building square footage, should generate approximately 27% of the first year total District revenue. Assessing for building square footage is an appropriate gauge of the impact of employees, visitors, shopper and clients to a specific parcel.

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

Residential Condominium Square Footage is a direct measure of the actual residential parcel building square footage plus the overall lot size allocated to each individual parcel that is located on that lot, both are included in each residential condominium assessment and its corresponding impact or draw on District funded activities. The targeted weight of this factor, land area, should generate approximately 6% of the total first year District revenue.

Current and Future Residential Condominium Unit Parcels Defined

Current and future residential condominium units building square footage is defined as the livable building square footage within the walls of the residential condominium unit parcel. The lot size that the residential unit is built upon shall be proportionally allocated to each individual residential parcel. Unlike the other commercial parcels in the district, including commercially operated apartment buildings, residential condominium parcels are assessed for building square footage and their corresponding lot size.

Current and future residential condominium parcels are assessed as a separate category. The residential condominium individual parcels will be assessed *for building square footage at the rate of \$0.04 per square foot and its land area of \$0.03 per year* - apportioned to each residential parcel, based upon the full lot size of the development – for the first year of the BID, or possibly higher if assessments have been increased annually as provided in this plan and completed in future years. The rationale for assessing future residential condominiums only for the building square footage rate and land area is provided below.

Residential condominium parcels are assessed differently than multi-unit, for-rent apartment buildings, due to the frequency of special benefit services required by each parcel as described below. The multi-unit apartment buildings are commercial properties in which the tenant and landlord have an economic relationship as opposed to residential condominium buildings where individual property owners own separate “air space parcels” on a single floor. Future residential apartment buildings can be bought or sold just as like commercial buildings whereas residential condominium individual units are separately owned and must be individually bought and sold.

Distinctions between residential apartment buildings with tenants and residential condominium building with individual parcel owners are as follows:

1. *The Davis Sterling Act of 1985, as amended, establishes rules and regulations for residential condominium owners based upon “separate interests” (i.e. ownership rights), as opposed to renters who only have a possessory interest.*
2. *Generally, residential condominium unit owners demonstrate greater care for their property and concerns about quality of life issues due to their investment in real estate.*
3. *Residential owners and have the right to vote in a Proposition 218 hearing, tenants do not have that right.*
4. *Residential condominium owners are required to contribute to legally established Homeowners Associations to oversee building maintenance, tenants are not.*
5. *Residential tenants may have their dwelling units sold or have their rent raised arbitrarily due the lack of ownership of their residential units.*

The assessment methodology has been written to confer special benefits to current and future residential condominium parcels since future the owners have unique investment backed expectations about the care and maintenance of the building and its surroundings - compared to the interest of residential tenants who have a possessory not an ownership interest. The future residential condominiums' special assessment methodology ensures that a fund will be established to maintain high levels of special benefit services that apply directly and proportional to the blocks that demand six days per week special benefits.

Considering all identified specially benefiting parcels within the District and their respective assessable benefit units, the rates, cumulative quantities and assessment revenues by factor and zone are shown in the following tables:

Data generated from County records

Land Area: 2,831,475 feet of assessable land area square footage
 Gross Building Square footage: 1,339,980 feet of assessable building square footage
 Residential Condominium Building Square Footage: 177,100 assessable building square footage

Year 1 – Projected LHIZBID Assessment Revenue

	Land Area Assessment Revenue	Residential Condominium Building Square Footage	Building Square Footage Assessment Revenue	Subtotal Assessment Revenue
	Unit A	Unit B	Unit C	
Revenue	\$ 84,944	\$ 7,084	\$ 33,500	\$ 125,528
Percentage of total	68%	6%	27%	100%*

NOTE: The sum of the numbers of percentages are rounded off so they don't exactly equal 100%

The number of Benefit Units for each identified benefiting parcel within the proposed LHIZBID was computed from data extracted from County Assessor records and maps as well as property verification forms mailed out to each parcel owner in the proposed District. These data sources delineate current land uses, property areas and dimensions of record for each tax parcel. The assessment formula for the proposed LHIZBID is as follows:

Assessments = Commercial parcels: Land Area (Unit A) Sq Ft x Unit A Rate, *plus*
 Building Square footage (Unit C) Sq ft x Unit C rate
 Or
 Residential Condos: Land Area (Unit A) Sq Ft x Unit A Rate, *plus*
 Residential Condominium (Unit B) Building Square footage

x Unit B rate

YEAR 1 – Assessment Rates

Land Area Annual Assessment Unit A	Residential Condominium Building Square Footage Assessment Unit B	Building Square footage Annual Assessment Unit C
\$ 0.03 per square foot	\$.04 per square foot	\$0.025 per square foot

Changes to Building or Land Area

Any changes in building and land area as a result of the three land adjustments (lot, building square footage and residential condo) including but not limited to lot splits, consolidations, subdivisions, street dedications, creation of new parcels, right of way setbacks shall have their assessment adjusted upon final City approval of such parcel adjustments.

Other Future Development

Other than future maximum rates with the building or land area assessment or residential condominium parcel assessment methodology delineated in this report, per State Law (Government Code Section 53750), future assessments may increase for any given parcel if such an increase is attributable to events other than an increased rate or revised methodology, such as a change in the density, intensity, or nature of the use of land. Any change in assessment formula methodology or rates other than as stipulated in this Plan would require a new Proposition 218 ballot procedure in order to approve any such changes.

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

YEAR	BUILDING SQUARE FOOT ASSESSMENT RATE	RESIDENTIAL CONDOMINIUM BUILDING SQUARE FOOT RATE	LAND AREA SQUARE FOOT ASSESSMENT RATE
Y1	\$ 0.0250	\$ 0.0400	\$ 0.0300
Y2	\$ 0.0263	\$ 0.0420	\$ 0.0315
Y3	\$ 0.0276	\$ 0.0441	\$ 0.0331
Y4	\$ 0.0289	\$ 0.0463	\$ 0.0348
Y5	\$ 0.0304	\$ 0.0486	\$ 0.0365

SAMPLE LHIZBID FIRST YEAR ANNUAL BUILDING PARCEL ASSESSMENT CALCULATION:

A 5,000 sq. ft. land area with 2,500 sq. ft. building

Land Area square footage: 5,000 x \$.03 cents per square foot = \$ 150.00 plus
Building Square Footage 2,500 x \$.025 cents per square foot = \$ 62.50

TOTAL YEAR 1 ASSESSMENT: \$ 212.50

Cost Per Month: \$ 17.71

Cost Per Day: \$.58

SAMPLE LHIZBID FIRST YEAR RESIDENTIAL CONDOMINIUM PARCEL ASSESSMENT CALCULATION

A 731 sq. ft. apportioned land area with 1,000 sq. ft. of residential condominium building square footage. (The individual parcel lot size has been determined by the proportional allocation of the lot size to each individual parcel within the development. This data has been verified by the LA City Clerk's office)

Land Area square footage: 731 x \$.03 cents per square foot = \$ 21.93 plus
Building Square Footage 1,000 x \$.04 cents per square foot = \$ 40.00

TOTAL YEAR 1 ASSESSMENT: \$ 61.90

Cost Per Month: \$ 5.16

Cost Per Day: \$.17

The complete Year 1 – assessment roll of all parcels to be assessed by this proposed Lincoln Heights Industrial Zone BID is included in this Plan as Appendix I.

V. PUBLICLY OWNED PARCELS

The State Constitution - Article 13D (Proposition 218) states that “parcels within a District that are owned or used by any agency, the State of California or the United States shall not be exempt from assessment unless the agency can demonstrate by clear and convincing evidence that those publicly-owned parcels in fact receive no special benefit.” There are fourteen publicly owned parcels within the District, all of which are identified as assessable and for which special benefit services will be provided. All identified assessed parcels are owned by the City of Los Angeles and Los Angeles City Department of Water and Power. Each of these City owned parcels will directly receive and proportionately specially benefit from improved Sidewalk Operations, District Identity and Administration Services. These identified assessed publicly owned parcels/facilities will specially benefit from District funded programs and services.

In the opinion of the Assessment Engineer, there is no clear and convincing evidence that the fourteen publicly owned parcels will not proportionately specially benefit from District services, programs and improvements; therefore, each publicly owned parcel will be assessed at the rates with assessments to be based on the lot square footage area and building square footage of each parcel.

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

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

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

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

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

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

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

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

This parcel is part of a fragmented public/quasi-publicly owned ROW corridor for an active commuter rail line. From an assessment viewpoint, rail lines/ROWs, public utility ROWs and public streets are not

conferred special benefits from LHIZBID activities, services and improvements and thus, are not assessed. Based on this finding, this parcel shall be exempt from LHIZBID assessments.

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

City of Los Angeles Publicly owned parcels

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

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

5205 003 902	LAMTA		\$0.00	0.00%
5205 012 903	LAMTA		\$0.00	0.00%
TOTAL			\$0.00	0.00%

5205 003 802	UNION PACIFIC	*no Site Address*	\$0.00	0.00%
5205 012 802	UNION PACIFIC	TOTAL	\$0.00	0.00%
GRAND TOTAL			\$25,016.85	20.08%

VI. BID DISTRICT GOVERNANCE

The governance or management of a BID typically requires an "Owner's Association" to carry out the BID services and activities. State PBID Law (36600 Streets & Highways Code) also requires that the Owner's Association carry out specific additional functions. This includes preparation of an Annual Report to the City Council on the PBID activities for the past fiscal year and those proposed for the next fiscal year. The Owner's Association may also recommend to the City Council from time to time, changes to the BID boundaries, benefit zones, assessment formula or BID programs and activities, all subject to public notification and, in some cases petition/balloting requirements. The previous BID districts, since 2000, have been operated and managed by the Historic Lincoln Heights Industrial Zone Economic Development Corporation, a public benefit corporation which has served in the capacity of the "Owners Association" as required in the PBID Law. Meetings of the Owner's Association and its standing

Committees shall be subject to the relevant provisions of the State of California “Brown Act” regarding open records and open meetings.

VII. PROPOSED RULES AND REGULATION APPLIED TO THE DISTRICT

There are no specific rules or regulations applied to this LHIZBID or its Owners’ Association.

VIII. IMPLEMENTATION TIMETABLE

The renewal of the LHIZBID is expected to begin operation by January 1, 2021. In order to meet this goal, the following procedural timeline is proposed:

<u>Date</u>	<u>Action/Task</u>
August - November 2019	LHIZBID property owners meet to discuss the renewal process
August 2019	Data for Proposed district submitted to the LA Clerk’s office
October	LHIZBID Steering Committee meets to review and discuss prospects for renewal.
December	Renewal plan submitted to the Clerk’s office for review
December	Final plan approved by the City Clerk
January 2020	Management Plan and Engineer’s report has been approved by the City Clerk, launch petition drive to get 50% weighted support to initiate Resolution of Intention by the City Council
March 2020	Submit petition threshold to the City Clerk from the LHIZBID
May	Resolution of Intent to form the LHIZBID adopted by the City Council, assessment ballot proceeding initiated, ballots mailed out by the City Clerk
July	Public hearing, mail ballot procedure concludes, ballots counted at the publicly noticed public hearing. If weighted returned ballots approved LHIZBID, City Council adopts a Resolution of Formation, the LHIZBID is formed
August	LA City transfers LHIZBID data to County assessor to include the Assessments on the FY 20 property tax bills
January 2021	First assessments transferred from City to the current Owners Association/District Management Corporation

APPENDIX 1

YR 1
ASSESSMENT ROLL

APN	Annual Assessment				
		5205 010 009	\$185.67	5205 012 046	\$75.93
		5205 010 010	\$41.46	5205 012 047	\$47.13
5205 002 901	\$1,047.00	5205 010 900	\$3,537.73	5205 012 048	\$47.13
5205 002 902	\$6,043.05	5205 010 901	\$2,182.91	5205 012 049	\$81.93
5205 003 006	\$5,283.43	5205 010 902	\$437.25	5205 012 050	\$73.53
5205 003 008	\$4,138.70	5205 010 903	\$222.00	5205 012 052	\$47.13
5205 003 802	\$0.00	5205 010 904	\$222.00	5205 012 054	\$47.13
5205 003 901	\$2,691.99	5205 010 905	\$222.00	5205 012 055	\$47.13
5205 003 902	\$0.00	5205 010 906	\$2,064.75	5205 012 056	\$61.93
5205 004 003	\$1,203.47	5205 011 003	\$1,375.65	5205 012 057	\$73.53
5205 004 005	\$231.73	5205 011 005	\$2,765.20	5205 012 058	\$81.93
5205 004 007	\$1,207.30	5205 011 006	\$437.04	5205 012 059	\$47.13
5205 004 010	\$3,267.00	5205 011 008	\$1,577.73	5205 012 060	\$47.13
5205 004 011	\$6,930.11	5205 011 009	\$285.00	5205 012 061	\$75.93
5205 005 005	\$155.47	5205 011 012	\$4,806.30	5205 012 062	\$47.13
5205 005 006	\$82.32	5205 012 007	\$3,804.76	5205 012 063	\$47.13
5205 005 007	\$75.78	5205 012 008	\$6,456.76	5205 012 064	\$47.13
5205 005 008	\$425.25	5205 012 010	\$73.13	5205 012 065	\$47.13
5205 005 009	\$143.73	5205 012 011	\$73.13	5205 012 067	\$53.13
5205 005 010	\$143.73	5205 012 012	\$73.13	5205 012 068	\$47.13
5205 005 011	\$179.93	5205 012 013	\$73.13	5205 012 069	\$47.13
5205 005 012	\$143.73	5205 012 014	\$73.13	5205 012 070	\$75.93
5205 005 013	\$228.73	5205 012 015	\$73.13	5205 012 071	\$53.53
5205 005 014	\$167.08	5205 012 016	\$81.93	5205 012 072	\$53.53
5205 005 021	\$238.98	5205 012 017	\$73.53	5205 012 073	\$81.93
5205 005 022	\$138.05	5205 012 019	\$47.13	5205 012 074	\$73.53
5205 005 023	\$125.19	5205 012 020	\$47.53	5205 012 075	\$61.93
5205 005 024	\$377.01	5205 012 021	\$47.13	5205 012 076	\$47.13
5205 005 025	\$175.03	5205 012 022	\$46.73	5205 012 077	\$47.13
5205 005 026	\$203.73	5205 012 023	\$61.93	5205 012 078	\$47.13
5205 005 027	\$202.73	5205 012 025	\$81.93	5205 012 079	\$47.13
5205 005 028	\$176.38	5205 012 026	\$73.13	5205 012 080	\$61.93
5205 005 035	\$143.73	5205 012 027	\$73.13	5205 012 081	\$73.53
5205 005 040	\$620.64	5205 012 028	\$73.13	5205 012 082	\$81.93
5205 005 043	\$1,108.15	5205 012 029	\$73.13	5205 012 083	\$53.13
5205 005 044	\$100.62	5205 012 030	\$73.13	5205 012 084	\$53.13
5205 005 045	\$113.67	5205 012 031	\$81.93	5205 012 085	\$75.93
5205 005 046	\$418.65	5205 012 032	\$73.53	5205 012 086	\$47.13
5205 005 048	\$143.85	5205 012 033	\$61.93	5205 012 087	\$47.13
5205 005 049	\$1,008.00	5205 012 034	\$47.13	5205 012 090	\$61.53
5205 006 012	\$278.66	5205 012 038	\$61.93	5205 012 091	\$61.53
5205 006 029	\$130.15	5205 012 039	\$73.53	5205 012 092	\$81.93
5205 006 030	\$127.55	5205 012 040	\$81.93	5205 012 093	\$73.53
5205 006 053	\$8,514.69	5205 012 041	\$47.53	5205 012 094	\$61.53
5205 006 059	\$6,914.49	5205 012 042	\$47.13	5205 012 095	\$61.53
5205 009 003	\$5,081.00	5205 012 043	\$47.13	5205 012 096	\$76.33
5205 009 900	\$4,443.12	5205 012 044	\$47.13	5205 012 097	\$68.33
5205 009 901	\$823.26	5205 012 045	\$47.13	5205 012 098	\$68.33
5205 010 002	\$879.94				

5205 012 099	\$68.33	5205 012 138	\$68.33	5205 012 179	\$63.13
5205 012 100	\$68.33	5205 012 139	\$68.33	5205 012 180	\$53.13
5205 012 101	\$73.13	5205 012 140	\$68.33	5205 012 181	\$46.73
5205 012 102	\$71.93	5205 012 141	\$68.33	5205 012 182	\$46.73
5205 012 103	\$71.93	5205 012 142	\$73.13	5205 012 183	\$53.13
5205 012 104	\$71.93	5205 012 143	\$47.13	5205 012 184	\$68.33
5205 012 105	\$71.93	5205 012 144	\$47.13	5205 012 185	\$61.93
5205 012 106	\$73.53	5205 012 145	\$47.13	5205 012 186	\$68.33
5205 012 107	\$81.93	5205 012 146	\$47.53	5205 012 187	\$68.33
5205 012 108	\$61.53	5205 012 147	\$47.13	5205 012 188	\$61.53
5205 012 109	\$61.53	5205 012 148	\$73.53	5205 012 189	\$61.93
5205 012 110	\$62.73	5205 012 149	\$81.93	5205 012 190	\$61.53
5205 012 111	\$63.13	5205 012 150	\$61.53	5205 012 191	\$47.13
5205 012 113	\$61.53	5205 012 151	\$61.53	5205 012 192	\$53.53
5205 012 114	\$81.93	5205 012 152	\$62.73	5205 012 193	\$61.53
5205 012 115	\$73.53	5205 012 153	\$63.13	5205 012 194	\$73.53
5205 012 116	\$61.53	5205 012 154	\$61.53	5205 012 802	\$0.00
5205 012 117	\$61.53	5205 012 155	\$61.53	5205 012 900	\$862.50
5205 012 118	\$76.33	5205 012 156	\$81.93	5205 012 901	\$405.09
5205 012 119	\$68.33	5205 012 157	\$73.53	5205 012 903	\$0.00
5205 012 120	\$68.33	5205 012 159	\$61.53	5205 013 009	\$7,360.09
5205 012 121	\$68.33	5205 012 160	\$76.33	5205 014 001	\$313.45
5205 012 122	\$68.33	5205 012 161	\$81.93	5205 014 002	\$218.53
5205 012 123	\$73.13	5205 012 162	\$81.93	5205 014 013	\$534.83
5205 012 124	\$47.13	5205 012 163	\$81.93	5205 014 014	\$206.93
5205 012 125	\$73.53	5205 012 164	\$81.93	5205 014 015	\$229.30
5205 012 126	\$81.93	5205 012 165	\$73.13	5205 014 016	\$227.80
5205 012 127	\$61.53	5205 012 168	\$68.33	5205 014 019	\$244.88
5205 012 128	\$61.53	5205 012 170	\$68.33	5205 014 020	\$160.35
5205 012 129	\$62.73	5205 012 171	\$73.53	5205 014 021	\$3,449.56
5205 012 131	\$61.53	5205 012 172	\$81.93	5205 015 012	\$1,125.60
5205 012 132	\$61.53	5205 012 173	\$61.53	5205 015 014	\$740.13
5205 012 133	\$81.93	5205 012 175	\$80.73	5205 015 015	\$635.87
5205 012 134	\$73.53	5205 012 176	\$80.73	5205 015 016	\$224.88
5205 012 136	\$61.53	5205 012 177	\$47.53	5205 017 015	\$615.74
5205 012 137	\$76.33	5205 012 178	\$61.53	5205 017 028	\$324.96

ASSESSMENT ENGINEER'S
REPORT