

ATTACHMENT 1

HIGHLAND PARK PROPERTY & BUSINESS IMPROVEMENT DISTRICT ESTABLISHMENT

ASSESSMENT ENGINEER'S REPORT

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

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

MARCH 7, 2019

FINAL V 2.0

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 Highland Park Property & Business Improvement District ("HPPBID") being established for a five (5) year term will receive a special benefit over and above the benefits conferred on the public at large and that the amount of the proposed assessment is proportional to, and no greater than the benefits conferred on each respective property.

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



Edward V. Henning

RPE #26549 March 7, 2019

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 HPPBID in the City of Los Angeles, California being established for a five (5) year term. The discussion and analysis contained within this Report constitutes the required “nexus” of rationale between assessment amounts levied and special benefits derived by real properties within the proposed HPPBID.

Background

The HPPBID is a property-based benefit assessment type district being established for a five (5) year term pursuant to Section 36600 et seq. of the California Streets and Highways Code (as amended), also known as the Property and Business Improvement District Law of 1994 (the “Act”). Due to the benefit assessment nature of assessments levied within a property and business improvement district (“PBID”), district program costs are to be distributed amongst all identified benefiting properties based on the proportional amount of special program benefit each property is expected to derive from the assessments levied. Within the Act, frequent references are made to the concept of relative “benefit” received from PBID programs and activities versus amount of assessment paid. Only those properties expected to derive special benefits from PBID funded programs and activities may be assessed and only in an amount proportional to the relative special benefits expected to be received.

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

Proposition 218, approved by the voters of California in November of 1996, adds a supplemental array of procedures and requirements to be carried out prior to levying a property-based assessment like the HPPBID. 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 HPPBID, these supplemental requirements will be taken into account. The key provisions of Article XIID along with a description of how the HPPBID complies with each of these provisions are delineated below.

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

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

Setting

Highland Park is a community that developed in the latter part of the nineteenth century along the axis provided by the Arroyo Seco and Figueroa Street, the principal transportation route between downtown Los Angeles, South Pasadena, and Pasadena to the north and east. Highland Park was the earliest artist colony in the emerging metropolis and a vibrant center of the Arts and Crafts movement in the early Twentieth Century. This history is represented by a rich architectural heritage. It includes a well-developed low-rise commercial strip on Figueroa Boulevard

Highland Park contains some of the oldest traces of urban development in Northeast Los Angeles, dating from the 1870’s. This is a result of the proximity to the center of Los Angeles. special historic designation as one of the final legs of Route 66, which served as the first east-west freeway in the United States. It remains a major thoroughfare and is the anchor for the HPPBID boundaries. The district is located directly to the west of and running parallel to the historic Arroyo Seco Freeway, (110). (See attached map in Appendix 2).

The proposed District is located in the northeast section of Los Angeles on North Figueroa Street. Generally, the District extends along North Figueroa Street from York Boulevard to Avenue 50. This area includes commercial and some industrial zoned parcels that encompass a dynamic traditional shopping and dining business center surrounded by charming historic neighborhoods.

General Boundary Description

The Highland Park PBID encompasses 13 blocks centered along N. Figueroa Street in Los Angeles between Avenue 50 on the south(west) and York Boulevard on the north (east).

Benefit Zones

There is one benefit zone within the proposed District.

Detailed Boundary Description

The proposed HPPBID includes all parcels fronting along both sides of the N. Figueroa Street corridor between Avenue 50 and York Boulevard as well as 31 parcels (identified below) with non - N. Figueroa Street frontage. It is noted that the proposed HPPBID boundaries and the general grid street system within, lie at an angle of approximately 30 degrees to the northeast of north. For simplicity in describing the boundaries herein, the terms of north, east, south and west are used instead of northeast, southeast, southwest and northwest, respectively. This means that N. Figueroa Street will be assumed to lie on a “north/south” axis.

Northern Boundary

The northern boundary of the proposed HPPBID coincides with the centerline of York Boulevard.

Eastern Boundary

The eastern boundary of the proposed HPPBID is irregular and generally lies along the eastern boundaries of those parcels fronting along the east side of N. Figueroa Street between York Boulevard and Avenue 50 and also includes the following parcels starting from north to south:

York Blvd. to Marmion Way – one parcel deep plus, APN 5492-034-901

Marmion Way to Avenue 61 – one parcel deep only

Avenue 61 to Avenue 60 – one parcel deep plus, APN 5492-024-014

Avenue 60 to Avenue 59 – one parcel deep plus, APN 5492-015-007

Avenue 59 to Avenue 58 – one parcel deep plus, APNs 5492-011-900 & 901

Avenue 58 to Avenue 57 – one parcel deep plus, APNs 5492-002-008, 013, 028, 900 & 901

Avenue 57 to Avenue 56 – one parcel deep plus APNs 5468-032-901, 902 & 903

Avenue 56 to Roselawn Place – one parcel deep plus APNs 5468-025-017, 900 & 901

Roselawn Place to Avenue 50 – one parcel deep only

Southern Boundary

The southern boundary of the proposed HPPBID coincides with the centerline of Avenue 50.

Western Boundary

The western boundary of the proposed HPPBID is irregular and generally lies along the western boundaries of those parcels fronting on the west side of N. Figueroa Street between Piedmont Avenue and Avenue 50 and also includes the following parcels starting from north to south:

York Blvd. to Avenue 59 – one parcel deep only

Avenue 59 to Avenue 58 – one parcel deep plus, APNs 5492-012-900

Avenue 58 to Avenue 57 – one parcel deep plus, APNs 5492-001-007, 900, 901 & 902

Avenue 57 to Avenue 56 – one parcel deep plus, APNs 5468-033-015, 900, 901, 902 & 903

Avenue 56 to Avenue 55 – one parcel deep plus APN 5468-024-006

Avenue 55 to Avenue 54 – one parcel deep plus APNs 5468-021-024 & 030

Avenue 54 to Avenue 50 – one parcel deep only

The boundary of the proposed HPPBID and parcels within it are shown on the map of the HPPBID attached as Appendix 2 to this Report.

There is one benefit zone within the proposed District.

District Boundary Rationale

The HPPBID boundaries encompass the commercial core parcels where the main economic activity of Historic Highland Park is centered along N. Figueroa Street (Old Route 66). These parcels showcase a unique array of uses - retail, restaurant, service, office, art studios, light industrial and commercial parking that form the “cohesive commercial fabric” of Highland Park.

The District boundaries were chosen to include all of the general commercial parcels that comprise the commercial core that attracts customers and visitors to the area centered along N. Figueroa Street between York Boulevard/Piedmont Avenue and Avenue 50.

As mentioned earlier, for description simplicity, N. Figueroa Street will be assumed to lie on a “north/south” axis.

Northern Boundary

The northern boundary of the HPPBID is the centerline of York Boulevard (east side of N. Figueroa Street) and the centerline of Piedmont Avenue (west side of N. Figueroa Street).

The area to the north of York Boulevard along N. Figueroa Street (east side) is comprised of commercial parcels with businesses that have different marketing needs and focus than the parcels within the HPPBID. It was determined during the boundary feasibility phase that HPPBID programs and services such as Sidewalk Operations, District Identity and Place Making, Administration and Contingency, Reserve & Uncollected Funds would not specially benefit the parcels and business north of York Boulevard (east side). Therefore commercial parcels and businesses north of the northern boundary (east side of N. Figueroa Street) are not included in the HPPBID. (See “Western Boundary” rationale for discussion regarding the west side of N. Figueroa Street between Piedmont Avenue and York Boulevard.)

The HPPBID 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.

Eastern Boundary

The eastern HPPBID boundary is irregular but includes all commercial parcels and uses along the east side of N. Figueroa Street generally only one parcel deep but inclusive of adjacent commercial parking lots and extended commercial uses. Parcels to the east of the eastern boundary are either zoned residential and/or parcels with residential uses. These parcels will not specially benefit from the HPPBID programs, improvements and services which are designed to improve commerce and economic vitality of assessed parcels within the HPPBID. Further, the Property and Business Improvement District Law of 1994, California Streets & Highway Code § 36632 states, “Properties zoned solely for residential use..... are conclusively presumed not to benefit from the improvements and service funded through these assessments, and shall not be subject to any assessment”. For these reasons, no residentially zoned parcels or residential uses east of the HPPBID eastern boundary are included in the District.

The HPPBID 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 east of the eastern District boundary.

Southern Boundary

The southern boundary of the HPPBID is the centerline of Avenue 50. The area to the south of Avenue 50 along N. Figueroa Street is comprised of commercial parcels with businesses that have different marketing needs and focus than the parcels within the HPPBID. It was determined during the boundary feasibility phase that HPPBID programs and services such as Sidewalk Operations, District Identity and Place Making, Administration and Contingency, Reserve & Uncollected Funds would not specially benefit the parcels and business south of Avenue 50. Therefore commercial parcels and businesses south of the southern boundary are not included in the HPPBID.

The HPPBID 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 south of the southern District boundary.

Western Boundary

The western HPPBID boundary is irregular but includes all commercial parcels and uses along the west side of N. Figueroa Street between Piedmont Avenue and Avenue 50, generally only one parcel deep but inclusive of adjacent commercial parking lots and extended commercial uses. Parcels to the west of the western boundary are either zoned residential and/or parcels with residential uses, including most parcels on the west side of N. Figueroa Street between Piedmont Avenue and York Boulevard. These parcels will not specially benefit from the HPPBID programs, improvements and services which are designed to improve commerce and economic vitality of assessed parcels within the HPPBID. Further, the Property and Business Improvement District Law of 1994, California Streets & Highway Code § 36632 states, “Properties zoned solely for residential use..... are conclusively presumed not to benefit from the improvements and service funded through these assessments, and shall not be subject to any assessment”. For these reasons, no residentially zoned parcels or residential uses west of the HPPBID western boundary are included in the District. It is also noted that the Gold Line Metro Tracks form a natural boundary in parts along the western District Boundary.

The HPPBID 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 west of the western District boundary.

Boundary Summation

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 HPPBID 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 HPPBID will proportionately specially benefit from the District funded programs and services (i.e.

Sidewalk Operations,& Beautification, District Identity, Organization & Contingency/Reserve). These services, programs and improvements are intended to improve commerce, employment, occupancy rates and investment viability of assessed parcels and businesses within the HPPBID. The HPPBID confers special benefits on each and every individually assessed parcel by reducing crime, improving aesthetics and marketing goods and services available from individually assessed parcels and the businesses on them within the District, all considered necessary in a competitive properly managed business district. All District 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 HPPBID.

The District includes 150 parcels identified as assessable within one Benefit Zone and which are listed in the Assessment Roll included as Appendix 1. For further information, a District 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 District that will receive special benefits from District funded programs and services are currently a unique mix of retail, restaurant, service, office, art studios, light industrial and commercial parking uses. Services, programs and improvements provided and funded by the District (i.e. Sidewalk Operations,& Beautification, District Identity, Organization & Contingency/Reserve) are designed to provide special benefits to identified assessed parcels and the array of land uses within the boundaries of the HPPBID as described in the Work Plan Details starting on page 11 of this Report.

The proposed District programs, improvements and services and Year 1 – 2020 budget allocations are shown in the Table below:

Year 1 – 2020 District Special Benefit Budget (Assessment Revenue Only)

WORK PLAN CATEGORY	ALLOCATION	%
Sidewalk Operations & Beautification	\$467,698	78%
District Identity, Organization & Contingency/Reserve	\$131,915	22%
TOTAL	\$599,613	100%

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

In the case of the HPPBID, the very nature of the purpose of this HPPBID 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 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.

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

Empirical assessment engineering analysis throughout California has found that general benefits within a given business improvement district tend to range from 2-6% of the total costs. There are three methods that have been used by this Engineer for determining general and special benefit values within assessment districts:

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

A majority of PBIDs in California for which this Assessment Engineer has provided assessment engineering services since the enactment of Proposition 218, (Article XIIIID Section 4(b) of the California Constitution) have used Method #3, the composite district overlay determinant method which will be used for the HPPBID. 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 HPPBID, general benefit to the public at large within the HPPBID and general benefit to parcels outside the HPPBID.

General Benefit – Assessed Parcels within District

HPPBID funded programs are narrowly designed and carefully implemented to specially benefit the assessed District parcels and are only provided for the special benefit to each and every assessed parcel

within the District. It is the opinion of this Engineer, based on over 30 years of professional assessment engineering experience, that nearly 100% of benefits conferred on assessed parcels within the District are distinct and special but in the case of the HPPBID, 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 HPPBID funded programs and services are specially geared to the unique needs of each assessed parcel within the HPPBID and are directed specially only to these assessed parcels within the HPPBID. This concept is further reinforced by the proportionality of special benefits conferred on each assessed parcel within the District as determined by the special benefit assessment formula as it is applied to the unique and varying property characteristics of each assessed parcel. The computed 0.25% general benefit value on the 150 assessed parcels within the HPPBID equates to \$1,499 or (.25% x \$599,613).

General Benefit – Public At Large

While the HPPBID funded programs are narrowly designed and carefully implemented to specially benefit the assessed District properties and are only provided for the special benefit to each and every assessed parcel within the District, these District funded programs may also provide an incidental general benefit to the public at large within the District. Assessment Engineering experience in California has found that generally well over 95% of people moving about within PBID boundaries are engaged in business related to assessed parcels and businesses contained on them within the PBID, while the public at large “just passing through” is typically much less than 5%. Based on this experience curve and the focused nature of the proposed HPPBID 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 District funded special benefit program element costs that might provide an immediate general benefit to the public at large are as shown in the chart below. These factors are applied to each program element costs in order to compute the dollar and percent value of general benefits to the public at large. The total dollar value of this general benefit type equates to \$6,506 as delineated in the following chart:

GENERAL BENEFITS TO “PUBLIC AT LARGE”

	A	B	C	E
Program Element	Dollar Allocation	General Benefit Percent	General Benefit Factor	General Benefit Value (A x C)
Sidewalk Operations & Beautification	\$467,698	1.25%	0.0125	\$5,846
District Identity, Organization & Contingency/Reserve	\$131,915	0.50%	0.0050	\$660
TOTAL	\$599,613			\$6,506

Spillover General Benefits to Parcels Outside of District

While District programs and services will not be provided directly to parcels outside the District boundaries, it is reasonable to conclude that District services may confer an indirect general benefit on

parcels immediately adjacent to the District boundaries. An inventory of the District boundaries finds that the District is surrounded by 139 parcels, of which 10 are commercial uses and 129 are residential or public uses adjacent to or across a street or alley from the proposed HPPBID. There are 0 non-identified (i.e. not assessed) exempt parcels within the proposed HPPBID.

The 129 parcels outside the District boundaries adjacent to or across streets or alleys from assessed parcels within the District can reasonably be assumed to receive some indirect general benefit as a result of PBID funded programs, services and improvements. Based on over 30 years of assessment engineering experience, it is the opinion of this Engineer that a benefit factor of 1.0 be attributed to the 150 identified assessed parcels within the District; a benefit factor of 0.05 be attributed to general benefits conferred on the 10 commercial parcels adjacent to or across a street or alley from the proposed HPPBID; and a benefit factor of 0.007 be attributed to general benefits conferred on the 129 residential and public parcels adjacent to or across a street or alley from the proposed HPPBID. The cumulative dollar value of this general benefit type equates to \$5,597 (\$1,999 + \$3,598) as delineated in the Table below.

“Spillover” General Benefits

Parcel Type	Quantity	Benefit Factor	Benefit Units	Benefit Percent	Benefit Value
Assessed Parcels Inside BID	150	1.000	150.00	99.0753%	\$599,613
Commercial Perimeter Parcels Outside BID	10	0.050	0.50	0.3303%	\$1,999
Other Perimeter Parcels Outside BID	129	0.007	0.90	<u>0.5945%</u>	<u>\$3,598</u>
TOTAL			151.40	100.00%	\$605,209

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 District, the public at large and parcels outside the District equates to \$13,602 (\$1,499 + \$6,506 + \$5,597) or 2.22% of the total adjusted costs. This leaves a value of 97.78% assigned to special benefit related costs. The general benefit value of \$13,602 when added to the special benefit value of \$599,613 (Year 1 – 2020 assessments) equates to a total adjusted Year 1 – 2020 program cost of \$613,215. Remaining costs that are attributed to general benefits, will need to be derived from other sources. A comparison of special and general benefit funding sources is shown in the Table below.

Special and General Benefit Revenue Sources

Revenue Source	Revenue	% of Total
District Assessments	\$599,613	97.78 %
Grants, donations, sponsors, program income, etc.	\$13,602	2.22%
TOTAL	\$613,215	100.0%

A breakdown of projected special and general benefit costs for each year of the 5-year renewal term is

shown in the following Table:

5 Year Special + General Benefit Costs

YR	PROGRAM CATEGORY	SPECIAL BENEFIT ASSESSMENT COSTS	GENERAL BENEFIT NON- ASSESSMENT COSTS	TOTAL ADJUSTED COSTS	% OF TOTAL
2020	Sidewalk Operations & Beautification	\$467,698	\$10,610	\$478,308	78%
	District Identity, Organization & Contingency/Reserve	\$131,915	\$2,992	\$134,907	22%
	Total	\$599,613	\$13,602	\$613,215	100%
2021	Sidewalk Operations & Beautification	\$491,083	\$11,141	\$502,224	78%
	District Identity, Organization & Contingency/Reserve	\$138,511	\$3,142	\$141,653	22%
	Total	\$629,594	\$14,283	\$643,877	100%
2022	Sidewalk Operations & Beautification	\$515,637	\$11,698	\$527,335	78%
	District Identity, Organization & Contingency/Reserve	\$145,437	\$3,299	\$148,736	22%
	Total	\$661,074	\$14,997	\$676,071	100%
2023	Sidewalk Operations & Beautification	\$541,419	\$12,283	\$553,702	78%
	District Identity, Organization & Contingency/Reserve	\$152,709	\$3,464	\$156,173	22%
	Total	\$694,128	\$15,747	\$709,875	100%
2024	Sidewalk Operations & Beautification	\$568,490	\$12,897	\$581,387	78%
	District Identity, Organization & Contingency/Reserve	\$160,344	\$3,637	\$163,981	22%
	Total	\$728,834	\$16,534	\$745,368	100%

DISTRICT WORK PLAN

Overview

The Programs and activities to be funded by the HPPBID include Sidewalk Operations & Beautification, District Identity, Organization & Contingency/Reserve. The property uses within the boundaries of the District that will receive special benefits from District funded programs, services and improvements are currently a mix of retail, restaurant, service, office, art studios, light industrial and commercial parking 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 particular and distinct to each and every identified assessed parcel within the HPPBID and are not provided to non-assessed parcels outside of the District. These programs, services

and improvements will only be provided to each individual assessed parcel within the District boundaries and, in turn, confer proportionate "special benefits" to each assessed parcel.

In the case of the HPPBID, 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 16 of this Report.

WORK PLAN DETAILS

The services to be provided by the HPPBID include Sidewalk Operations, District Identity and Place Making, Administration and Contingency. Each of these work plan elements are designed to contribute to the cohesive commercial fabric and to ensure economic success and vitality of the District. The assessed parcels in the PBID will specially benefit from the District programs in the form of increasing commerce and improving economic success and vitality through meeting the HPPBID goals to maintain and improve the commercial core by providing services to attract customers in an effort to increase commerce, to increase building occupancy and lease rates.

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

Sidewalk Operations & Beautification

Sidewalk Operations is a term to define the safety and cleanliness of the sidewalks in the proposed HPPBID.

Safe Program

Private security will be provided based upon the proportionate amount assessed on parcels within each benefit zone.

Examples of these special benefit services include but are not limited to regular security patrols on foot, etc. These services are over and above those services currently provided by the Los Angeles Police Department.

Clean Program

Cleaning services, such as trash pickup and removal from the district; landscape services; and equipment expenses are included in this program. Clean services will be provided to assessed parcels within District boundaries. In order to consistently deal with cleaning issues, a multi-dimensional

approach has been developed consisting of the following elements:

- **Sidewalk Cleaning:** Uniformed personnel sweep litter, debris and refuse from sidewalks, along fence lines, the public right of way, and gutters of the District. District personnel may pressure wash the sidewalks. Clean sidewalks support an increase in commerce and provide a special benefit to each individually assessed parcel in the district.
- **Trash Collection:** Collector truck personnel collect trash from sidewalk trash receptacles.
- **Graffiti Removal:** Painters remove graffiti tags by painting, using solvent and pressure washing. The District maintains a zero-tolerance graffiti tag policy.
- **Weed Abatement:** Weeds are removed as they become unsightly or as needed.
- **Landscape Maintenance:** Landscape maintenance is an important program that works to attract increased customers to the district. Landscape maintenance includes maintaining tree wells, planters and weed abatement. A well-landscaped district supports an increase in commerce and provides a special benefit to each individually assessed parcel in the district.
- Parcels that are under construction and/or vacant within the BID will be monitored for maintenance and security problems. For example, a broken security fence allowing access to the site would be reported to the property owner.
- **Paper Sign and Handbill Removal:** Paper signs and handbills scotch taped or glued on public and private property are removed by hand within the BID boundaries. The above services will only be provided to the individual assessed parcels within the BID boundaries and therefore parcels outside of the boundaries will not receive this special benefit.
- **Special Collections:** Collector truck personnel are dispatched to collect large bulky items illegally dumped within the BID boundaries. The above services will only be provided to the individual assessed parcels within the BID boundaries and therefore parcels outside of the boundaries will not receive this special benefit.
- **Maintenance Problems Requiring Third Party Intervention:** Blighted or unsafe conditions created within the District but that are not within the authority/jurisdiction of the BID to address will be monitored. Service requests are made to the responsible party/agency for service. Types of conditions include blocked or damaged sewers or drains, damaged sidewalks/streets/alleys, non-operating streetlights, damaged or missing street signs, etc., within the HPPBID boundaries. The above services will only be provided to the individual assessed parcels within the HPPBID boundaries and therefore parcels outside of the boundaries will not receive special benefit.

Beautification Program

- **Design, Streetscape Strategies & Consulting:** Design, installation and maintenance of gateway signs; design, installation and maintenance of banner brackets and banner production; design and branding of logo; design, purchase, install and maintain street furniture and streetscape; purchase, installation, removal and maintenance of holiday decoration program. The above services will only be provided to the individual assessed parcels within the HPPBID boundaries and therefore parcels outside of the boundaries will not receive special benefit. Develop strategies for economic development and possible expansion; develop plan of action for the implementation of and strategies for traffic calming and pedestrian safety related to business attraction and retention, and promotion of the area to prospective businesses; seek private and public grant funds to facilitate the work of the HPPBID. The above services will

only be provided to the individual assessed parcels within the BID boundaries and therefore parcels outside of the boundaries will not receive special benefit.

- **Special Projects:** Special projects are designed to enhance the assets and the image of the HPPBID, for example the Old LA Certified Farmers Market within the HPPBID boundaries. Special project funds will only be used to specially benefit parcels within the District. The benefit to individual parcels within the District from these services is increased commercial activity and increase in the attraction of pedestrians from transit ridership, which directly relates to increases in lease rates and enhanced commerce. The above services will only be provided to the individual assessed parcels within the BID boundaries and therefore parcels outside of the boundaries will not receive special benefit.

The goal of the Sidewalk Operations & Beautification work plan component is to ensure that public area adjacent to all identified assessed parcels are safe, 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 safe, clean and orderly environment for the special benefit of each assessed parcel in the District. An unsafe or 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. retail, restaurant, service, office, art studios, light industrial and commercial parking), this work plan component is designed to increase pedestrian traffic, increase commerce and customer activity, attract and retain new business and patrons, and may increase commercial rents and commercial occupancies for the assessed parcels within the HPPBID boundaries. Each assessed parcel will specially benefit from the Sidewalk Operations & Beautification programs which will only be provided to, and for the direct benefit of, each identified assessed parcel within the District boundaries.

District Identity, Organization & Contingency/Reserve

- **District Identity & Communications-** Advertising, Marketing and Promotions strategies such as website maintenance and maintenance, Communications like newsletters, signage, holiday decorations, phones, fax, internet and email & social media marketing will create an environment that provides a unique shopping experience for customers, tenants and employees. The special benefit to assessed parcels from these services is an increased likelihood of lease rates, increased sales, parking revenue and higher tenant occupancy because of an increase in commercial activity, and an overall increase in district activity.
- **Organization-** A professional management staff oversees the HPPBID services, which are delivered seven days per week. Management staff actively works on behalf of the HPPBID to insure City and County services and policies support the District. Included in this line item are management labor, corporate operations, office expenses and organizational expenses such as insurance and the cost to conduct a yearly financial review and tax filing. A well-managed District provides necessary HPPBID program oversight and guidance that produces higher quality and more efficient programs. The special benefit to assessed parcels from these services is an improved lease rates and tenant occupancy because of an increase in commercial activity, an increase in customers and residential serving businesses in part due to the work of the management staff as stated above.

The Organization component is key to the proper expenditure of District assessment funds and the administration of District programs and activities for the special benefit of all parcels and land uses within the HPPBID. The Organization work plan component exists only for the purposes of the District and directly relates to the implementation of the various HPPBID programs and services, which specially benefit each identified assessed parcel within the District boundaries.

- **Contingency/Reserve/City Costs-** Included in this budget item are City fees, delinquencies, no pays included are costs to renew the BID. Delinquencies- Up to ten percent (10%) of the budget is held in reserve to offset delinquent and/or slow payment from both public and private properties. City Fees- Assessments are budgeted in order to fund the expenses charged by the City of Los Angeles and County of Los Angeles for collection and distribution of HPPBID revenue. These reserves may be carried forward from year to year for a specific purpose or shall be reallocated to the designated budgetary categories found within the MDP.

In summary, all District funded services, programs and improvements described above confer special benefits to identified assessed parcels inside the District boundaries and none will be provided outside of the District. Each assessed parcel within the HPPBID will proportionately specially benefit from the Sidewalk Operations & Beautification, District Identity, Organization & Contingency/Reserve components of the Management Plan. All District funded services programs and improvements are considered supplemental, above normal base level services provided by the City of Los Angeles and are only provided for the special benefit of each assessed parcel within the boundaries of the HPPBID.

WORK PLAN BUDGET

Each identified assessed parcel within the HPPBID will be assessed the full amount of the proportionate special benefit conferred upon it based on the level of District funded services provided. The projected District program special benefit (assessment) cost allocation budget for Year 1 (2020) is shown in the following Table:

HPPBID Year 1 (2020) Special Benefit Assessment Budget

WORK PLAN CATEGORY	ALLOCATION	%
Sidewalk Operations & Beautification	\$467,698	78%
District Identity, Organization & Contingency/Reserve	\$131,915	22%
TOTAL	\$599,613	100%

In order to carry out the District programs outlined in the previous section, a Year 1 assessment budget of \$599,613 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 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. It is noted that the 5% maximum annual rate increase is deemed necessary in order to offset substantial service and improvement cost increases projected over the next several years and to provide levels of service and types of improvements

expected and requested by District stakeholders. Carryovers, if any, may be reapportioned the following year for related programs, services and improvements. Detailed annual budgets will be prepared by the Owner's Association Board and included in an Annual Plan for the City Council's review and approval.

The District shall adhere to the budget and Management District Plan and Engineer's Report. 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 and Engineer's Report. Any proposed variation that exceeds 10% of total budget shall be subject to review and approval of the City Clerk's office.

A 5-year projected HPPBID budget is shown in the following Table:

YEAR 1-5 PROJECTED DISTRICT ASSESSMENT BUDGET SUMMARY (Special Benefit Costs)

(Assumes 5% max rate increase per year)

YR	Sidewalk Operations & Beautification	District Identity, Organization & Contingency/Reserve	TOTAL
	78%	22%	100%
2020	\$467,698	\$131,915	\$599,613
2021	\$491,083	\$138,511	\$629,594
2022	\$515,637	\$145,437	\$661,074
2023	\$541,419	\$152,709	\$694,128
2024	\$568,490	\$160,344	\$728,834

The HPPBID 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 HPPBID) 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 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 renewal budget or returned to stakeholders. District assessment funds may be used to pay for costs related to the following District renewal term. If the District is not renewed or terminated for any reason, unexpended funds will be returned to the property owners.

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

Each identified 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 HPPBID (i.e. Sidewalk Operations,& Beautification, District Identity, Organization & Contingency/Reserve). 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, except as noted otherwise, herein.

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

Finding 4. From Section 4(a): “No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel.”

Not only are the proposed program costs reasonable due to the benefit of group purchasing and contracting which would be possible through the proposed HPPBID, they are also considerably less than other options considered by the HPPBID Renewal Committee. The actual assessment rates for each parcel within the District 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, except as noted otherwise herein.

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

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

There are 26 publicly owned parcels within HPPBID, of which all are identified and assessable for which CBD funded special benefit programs, services and improvements will be provided. For 25 of the assessed publicly owned parcels are owned by the City of Los Angeles and one by the Los Angeles County Municipal Transit Authority (LACMTA).

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

HPPBID services are designed to improve the safety, cleanliness and image of assessed publicly owned parcels and facilities for visitors, their employees and users of public facilities on publicly owned parcels within the District by reducing crime, litter and debris, each considered detractors to employment, visitation and use of public facilities if not contained and properly managed. In turn, these services will serve to enhance the public purpose provided by public facilities and parcels within HPPBID.

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

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

District Publicly Owned Parcels

APN	Public Agency Owner	Site Address	Use	YR 1 - 2020 Assessment	% of Total
5468-025-900	L A CITY		Parking Lot	\$1,815.25	0.303%
5468-025-901	L A CITY		Parking Lot	\$586.36	0.098%
5468-032-901	L A CITY		Parking Lot	\$1,938.55	0.323%
5468-032-902	L A CITY	115 S AVE 56	Community Garden	\$1,438.50	0.240%
5468-032-903	L A CITY		Community Garden	\$569.92	0.095%
5468-033-900	L A CITY	119 N AVE 56	Parking Lot	\$1,395.76	0.233%
5468-033-901	L A CITY		Parking Lot	\$1,395.76	0.233%
5468-033-902	L A CITY	117 N AVE 56	Parking Lot	\$630.20	0.105%
5468-033-903	L A CITY		Parking Lot	\$1,356.30	0.226%
5468-033-905	L A CITY	5601 N FIGUEROA ST	Office	\$3,901.80	0.651%
5492-001-900	L A CITY	5712 MARMION WAY	Parking Lot	\$2,996.88	0.500%
5492-001-901	L A CITY		Parking Lot	\$1,027.50	0.171%
5492-001-902	L A CITY		Parking Lot	\$1,284.38	0.214%
5492-002-900	L A CITY		Parking Lot	\$1,246.70	0.208%
5492-002-901	L A CITY		Parking Lot	\$163.03	0.027%

5492-011-900	L A CITY	117 S AVE 58	Parking Lot	\$959.00	0.160%
5492-011-901	L A CITY	113 S AVE 58	Parking Lot	\$959.00	0.160%
5492-012-900	L A CITY	5826 MARMION WAY	Parking Lot	\$1,849.50	0.308%
5492-013-900	L A CITY	5921 N FIGUEROA ST	LA City Fire Dept	\$4,595.00	0.766%
5492-024-900	L A CITY	6000 N FIGUEROA ST	Office	\$8,857.80	1.477%
5492-025-900	L A CITY		LA City Playground	\$43,494.01	7.254%
5492-025-901	L A CITY	6145 N FIGUEROA ST	LA City Library	\$9,095.49	1.517%
5492-034-900	L A CITY		Triangle Park	\$1,115.10	0.186%
5492-034-901	L A CITY	6152 N FIGUEROA ST	Senior Citizen Center	\$17,442.67	2.909%
5492-034-902	L A CITY		Senior Citizen Center	\$13,017.87	2.171%
SUBTOTAL LA CITY =				\$123,132.33	20.535%
5492-025-902	LACMTA		Transit Corridor	\$1,672.20	0.279%
SUBTOTAL LACMTA =				\$1,672.20	0.279%
GRAND TOTAL PUBLIC AGENCIES =				\$124,804.53	20.814%

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 HPPBID.

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 District and resultant assessment levies will continue for 5-years and may be renewed again at that time. The reasons (purposes) for the proposed assessments are outlined in Finding 2 above as well as in the Management District Plan. The calculation basis of the proposed assessment is attributed to building area, land area and street frontage, except as otherwise noted herein.

Assessment Formula Methodology

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

Background - Assessment Formula Development

The method used to determine special benefits derived by each identified assessed property within a PBID begins with the selection of a suitable and tangible basic benefit unit. For property related services, such as those proposed in the HPPBID, the benefit unit may be measured in linear feet of street frontage or parcel size in square feet or building size in square feet or any combination of these factors. Factor quantities for each parcel are then measured or otherwise ascertained. From these

figures, the amount of benefit units to be assigned to each property can be calculated. Special circumstances such as unique geography, land uses, development constraints etc. are carefully reviewed relative to specific programs and improvements to be funded by the PBID in order to determine any levels of different benefit that may apply on a parcel-by-parcel or categorical basis.

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

Next, all program and activity costs, including incidental costs, District administration and ancillary program costs, are estimated. It is noted, as stipulated in Article XIID Section 4(b) of the California Constitution, and now required of all property-based assessment Districts, indirect or general benefits costs may not be incorporated into the assessment formula and levied on the District properties; only direct or “special” benefits and costs may be considered. Indirect or general benefit costs, if any, must be identified and, if quantifiable, calculated and factored out of the assessment cost basis to produce a “net” cost figure. In addition, Article XIID Section 4(b) of the California Constitution also no longer automatically exempts publicly owned property from being assessed unless the respective public agency can provide clear and convincing evidence that their property does not specially benefit from the programs and services to be funded by the proposed special assessments. If special benefit is determined to be conferred upon such properties, they must be assessed in proportion to special benefits conferred in a manner similar to privately owned property assessments. (See pages 17-19 of this Report for discussion regarding assessment of publicly owned parcels within the HPPBID).

From the estimated net program costs, the value of a basic benefit unit or “basic net unit cost” can be computed by dividing the total amount of estimated net program costs by the total number of benefit units. The amount of assessment for each parcel can be computed at this time by multiplying the Net Unit Cost times the number of Basic Benefit Units per parcel. This is known as “spreading the assessment” or the “assessment spread” in that all costs are allocated proportionally or “spread” amongst all benefitting properties within the PBID.

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

HPPBID Assessment Formula

Based on the specific needs and corresponding nature of the program activities to be funded by the proposed HPPBID (i.e. Sidewalk Operations, & Beautification, District Identity, Organization & Contingency/Reserve) 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 except as noted herein.

The “Basic Benefit Units” will be expressed as a combined function of gross building square footage (Benefit Unit “A”), land square footage (Benefit Unit “B”), and street frontage (Benefit Unit “C”).

Based on the shape of the proposed HPPBID, as well as the nature of the District program elements, it is determined that all identified properties will gain a direct and proportionate degree of special benefit based on the respective amount of building area, land area and street frontage within one benefit zone, except as noted herein.

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

Building area is a direct measure of the static utilization of each parcel and its corresponding impact or draw on PBID funded activities. In the opinion of this Assessment Engineer, the targeted weight of this factor, building area, should generate approximately 30% of the total PBID revenue (30.69211% when adjusted for precise parcel measurements and program costs).

Land area is a direct measure of the current and future development capacity of each parcel and its corresponding impact or draw on PBID funded activities. In the opinion of this Assessment Engineer, the targeted weight of this factor, land area, should generate approximately 50% of the total PBID revenue (47.4771% when adjusted for precise parcel measurements and program costs).

Street Frontage is a direct measure of the current and future development capacity of each parcel and its corresponding impact or draw on PBID funded activities. Street frontage includes N. Figueroa street frontage only of a parcel. In the opinion of this Assessment Engineer, the targeted weight of this factor, street frontage, should generate approximately 20% of the total PBID revenue (21.83079% when adjusted for precise parcel measurements and program costs).

Special Circumstances

1. Residential Parcels: 1 to 4 Units

While all attempts have been made to exclude parcels developed exclusively with residential uses, there are several parcels with 1-4 residential units on commercially zoned parcels within the boundaries of the District. In the opinion of this Engineer, such land uses proportionately specially benefit on a different and limited basis than other parcels in the District and until such uses are converted to commercial use, they will be assessed based solely on the parcel's building area which funds the special benefits conferred on such parcels and not for the parcel's land area nor street frontage.

2. Residential Parcels: 5+ Units

It is noted that all other residential parcels with multiple residential units (i.e. 5 units+) on them are considered commercial activities and will be assessed similar to standard commercial parcels with assessments based on the designated assessment factors – i.e. building area, land area and street frontage.

3. Changes to Building or Parcel Size

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

demolition or land adjustments including but not limited to lot splits, consolidations, subdivisions, street dedications, right of way setbacks shall have their assessment adjusted upon final City approval of such parcel adjustments.

4. Other Future Development

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

Step 2. Quantify Total Basic Benefit Units

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

Year 1 – 2020 - Assessable Benefit Units

BLDG AREA (SF)	LAND AREA (SF)	STREET FRONTAGE (LF)	# OF ASSESABLE PARCELS
836,518	2,077,949	10,954	150

Year 1 – 2020 Projected Assessment Revenue

BLDG ASSMT \$	LAND ASSMT \$	STREET FRONTAGE ASSMT REVENUE	SUBTOTAL ASSMT REVENUE
\$184,033.96	\$284,679.01	\$130,900.30	\$599,613.27
30.69211%	47.47710%	21.83079%	100.00%

Step 3. Calculate Benefit Units for Each Property.

The number of Benefit Units for each identified benefiting parcel within the proposed HPPBID was computed from data extracted from County Assessor records and maps. These data sources delineate current land uses, building areas, property areas and dimensions of record for each tax parcel. While it is understood that this data does not represent legal field survey measurements or detailed title search of recorded land subdivision maps or building records, it does provide an acceptable basis for the purpose of calculating property-based assessments. All respective property data being used for assessment computations will be provided to each property owner in the District for their review. If a property owner believes there is an error on a parcel's assessed footages, the District may confirm the data with the County Assessor's office. If District data matches Assessor's data, the property owner may opt to work with the Assessor's office to correct the data so that the District assessment may be corrected.

Step 4. Determine Assessment Formula

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

The proposed assessment formula 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 –2020 Assessment Rates

BLDG ASSMT RATE (\$/SF)	LAND ASSMT RATE (\$/SF)	STREET FRONTAGE ASSMT RATE (\$/LF)
\$0.22	\$0.137	\$11.95

The complete Year 1 – 2020 assessment roll of all parcels to be assessed by this District is included in this Plan as Appendix I.

Assessment Formula Unit Rates

Using figures from the Assessable Benefit Units Table and the Projected Assessment Revenue Table on page 22 of this Report, the assessment rates and weighted multipliers for each factor are calculated as follows:

Building Area Rate (Unit A)

$(\$599,613.27 \times 30.69211\%) / 836,518 \text{ units} = \$0.22/\text{sq ft building area}$

Land Area Rate (Unit B)

$(\$599,613.27 \times 47.4771\%) / 2,077,949 \text{ units} = \$0.137/\text{sq ft land area}$

Street Frontage Rate (Unit C)

$(\$599,613.27 \times 21.83079\%) / 10,954 \text{ units} = \$11.95/\text{lin ft street frontage}$

Step 5. Estimate Total District Costs

The total projected 5-year special benefit costs for 2020 – 2024 of the District are shown in the Table on page 16 of this Report assuming a maximum increase of 5% per year, commensurate to special benefits received by each assessed parcel.

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

Total Year 1 - 2020 adjusted costs are estimated at \$613,215. General benefits are factored at 2.22% of the total adjusted costs (see Finding 2 on pages 7-11 of this Report) with special benefits set at 97.78%. Article XIIID Section 4(b) of the California Constitution limits the levy of property assessments to costs attributed to special benefits only. The 2.22% general benefit cost is computed to be \$13,602 with a resultant 97.78% special benefit limit computed at \$599,613. Based on current property data and land uses, this is the maximum amount of Year 1 (2020) revenue that can be derived from property assessments from the subject District.

All program costs 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	\$599,613	97.78 %
Grants, donations, sponsors, program income, etc.	\$13,602	2.22%
TOTAL	\$613,215	100.0%

Step 7. Calculate “Basic Unit Cost”

With a YR 1 - 2020 assessment revenue portion of the budget set at \$599,613 (special benefit only), the Basic Unit Costs (rates) are shown earlier in Step 4. Since the District is proposed to be established for a 5-year term, maximum assessments for future years (2021-2024) must be set at the inception of the proposed District. 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 District Property Owner’s Association. The maximum assessment rates for the 5-year proposed District term of 2020-2024 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 District term (2020-2024).

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

YEAR	BLDG ASSMT RATE (\$/SF)	LAND ASSMT RATE (\$/SF)	FRONTAGE ASSMT RATE (\$/LF)
2020	\$0.220	\$0.137	\$11.95
2021	\$0.231	\$0.144	\$12.55
2022	\$0.243	\$0.151	\$13.18
2023	\$0.255	\$0.159	\$13.84
2024	\$0.268	\$0.167	\$14.53

Step 8. Spread the Assessments

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

Miscellaneous District Provisions

Time and Manner of Collecting Assessments:

Assessments for the Property Tax Year beginning July 1, 2019 and ending June 30, 2023, shall be collected at the same time and in the same manner as ad valorem taxes paid to the Los Angeles County (Operation Years 2020-2024). 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 the Management District Plan.

Bonds:

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

Duration

As allowed by State PBID Law, the District will have a five (5) year operational term from January 1, 2020 to December 31, 2024. The proposed District operation is expected to begin services on January 1, 2020. If the District is not renewed at the end of its proposed 5 year term, services will end on December 31, 2024.

APPENDIX 1

HPPBID YR 1 – 2020 ASSESSMENT ROLL

APN	YR 1 2020 Assessment	% of Total
5468003004	\$643.50	0.107%
5468003005	\$624.36	0.104%
5468003007	\$2,151.63	0.359%
5468003008	\$2,209.95	0.369%
5468003020	\$5,162.66	0.861%
5468003021	\$2,020.72	0.337%
5468004006	\$5,412.46	0.903%
5468004009	\$4,875.68	0.813%
5468004022	\$8,917.00	1.487%
5468005032	\$3,080.70	0.514%
5468005042	\$4,622.30	0.771%
5468005044	\$7,071.27	1.179%
5468005045	\$38,237.03	6.377%
5468014001	\$1,758.35	0.293%
5468014002	\$1,689.58	0.282%
5468014003	\$2,659.78	0.444%
5468014028	\$9,058.49	1.511%
5468015001	\$2,990.09	0.499%
5468015002	\$2,653.97	0.443%
5468015003	\$2,465.43	0.411%
5468015015	\$1,712.59	0.286%
5468015016	\$3,421.46	0.571%
5468015033	\$2,275.26	0.379%
5468016001	\$6,397.56	1.067%
5468016002	\$1,787.50	0.298%
5468016040	\$2,706.91	0.451%
5468016044	\$3,713.54	0.619%
5468017001	\$1,654.20	0.276%
5468017023	\$2,548.47	0.425%
5468017024	\$2,058.55	0.343%
5468017025	\$1,782.57	0.297%
5468017027	\$2,030.10	0.339%
5468017028	\$712.80	0.119%
5468017031	\$2,543.94	0.424%
5468020002	\$2,229.70	0.372%
5468020003	\$2,362.35	0.394%
5468020013	\$2,976.40	0.496%
5468020014	\$2,020.94	0.337%
5468020015	\$6,435.55	1.073%
5468020025	\$4,333.26	0.723%
5468021014	\$2,586.62	0.431%
5468021024	\$2,107.23	0.351%
5468021025	\$6,118.26	1.020%
5468021030	\$5,684.11	0.948%
5468021031	\$20,569.13	3.430%
5468024006	\$892.54	0.149%
5468024007	\$5,593.85	0.933%
5468024008	\$7,468.68	1.246%
5468024009	\$4,076.80	0.680%
5468024010	\$6,134.40	1.023%

5468025001	\$3,056.63	0.510%
5468025002	\$988.30	0.165%
5468025003	\$3,506.78	0.585%
5468025004	\$1,290.06	0.215%
5468025005	\$1,770.37	0.295%
5468025016	\$3,195.43	0.533%
5468025017	\$586.36	0.098%
5468025027	\$1,846.47	0.308%
5468025900	\$1,815.25	0.303%
5468025901	\$586.36	0.098%
5468026001	\$1,942.39	0.324%
5468026012	\$5,119.69	0.854%
5468026021	\$1,688.28	0.282%
5468026023	\$2,813.67	0.469%
5468026030	\$7,730.79	1.289%
5468032001	\$8,018.12	1.337%
5468032014	\$3,039.99	0.507%
5468032015	\$2,159.58	0.360%
5468032016	\$2,291.99	0.382%
5468032017	\$2,831.24	0.472%
5468032018	\$5,024.11	0.838%
5468032901	\$1,938.55	0.323%
5468032902	\$1,438.50	0.240%
5468032903	\$569.92	0.095%
5468033015	\$830.72	0.139%
5468033017	\$1,906.00	0.318%
5468033018	\$1,420.87	0.237%
5468033019	\$5,469.66	0.912%
5468033020	\$3,763.44	0.628%
5468033021	\$4,379.00	0.730%
5468033023	\$3,399.50	0.567%
5468033900	\$1,395.76	0.233%
5468033901	\$1,395.76	0.233%
5468033902	\$630.20	0.105%
5468033903	\$1,356.30	0.226%
5468033905	\$3,901.80	0.651%
5492001007	\$856.25	0.143%
5492001012	\$2,725.00	0.454%
5492001013	\$2,615.00	0.436%
5492001014	\$1,302.00	0.217%
5492001015	\$3,275.00	0.546%
5492001016	\$3,165.00	0.528%
5492001017	\$2,786.60	0.465%
5492001018	\$1,931.20	0.322%
5492001900	\$2,996.88	0.500%
5492001901	\$1,027.50	0.171%
5492001902	\$1,284.38	0.214%
5492002008	\$86.53	0.014%
5492002013	\$68.50	0.011%
5492002025	\$5,048.18	0.842%
5492002026	\$3,060.18	0.510%
5492002027	\$927.18	0.155%
5492002028	\$690.48	0.115%

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5492002029	\$2,036.30	0.340%
5492002900	\$1,246.70	0.208%
5492002901	\$163.03	0.027%
5492011002	\$1,941.20	0.324%
5492011019	\$3,078.54	0.513%
5492011020	\$2,340.00	0.390%
5492011021	\$2,370.58	0.395%
5492011024	\$3,432.37	0.572%
5492011900	\$959.00	0.160%
5492011901	\$959.00	0.160%
5492012025	\$17,988.25	3.000%
5492012900	\$1,849.50	0.308%
5492013020	\$3,239.30	0.540%
5492013021	\$2,196.06	0.366%
5492013022	\$2,322.40	0.387%
5492013023	\$2,729.62	0.455%
5492013024	\$2,355.40	0.393%
5492013900	\$4,595.00	0.766%
5492014017	\$7,485.66	1.248%
5492014019	\$9,080.69	1.514%
5492014020	\$3,865.55	0.645%
5492015002	\$1,611.30	0.269%
5492015003	\$2,407.32	0.401%
5492015004	\$2,780.00	0.464%

5492015005	\$2,416.12	0.403%
5492015006	\$1,135.50	0.189%
5492015009	\$2,835.00	0.473%
5492015010	\$7,315.38	1.220%
5492015027	\$7,809.04	1.302%
5492015028	\$4,028.50	0.672%
5492024004	\$5,243.66	0.875%
5492024014	\$5,926.20	0.988%
5492024015	\$8,984.68	1.498%
5492024900	\$8,857.80	1.477%
5492025001	\$806.52	0.135%
5492025900	\$43,494.01	7.254%
5492025901	\$9,095.49	1.517%
5492025902	\$1,672.20	0.279%
5492026005	\$2,275.87	0.380%
5492026007	\$2,586.47	0.431%
5492026022	\$1,657.33	0.276%
5492026024	\$2,485.99	0.415%
5492026025	\$6,537.94	1.090%
5492026027	\$5,657.34	0.943%
5492034900	\$1,115.10	0.186%
5492034901	\$17,442.67	2.909%
5492034902	\$13,017.87	2.171%
Total	\$599,613.27	100.00%

APPENDIX 2

HPPBID BOUNDARY MAP

