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HOLLY L. WOLCOTT
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May 10, 2006

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

Council District 5

REGARDING: ENCINO COMMONS BUSINESS IMPROVEMENT DISTRICT
RENEWAL

Honorable Members:

The Office of the City Clerk has received materials relative to the renewal of the existing Encino Commons Business Improvement District ("District") (CF 02-2217). The District would be renewed pursuant to the provisions of the Property and Business Improvement District Law of 1994, as amended (Section 36600 et seq., Streets and Highways Code, State of California).

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

BACKGROUND

The District is being renewed in accordance with the provisions of the Property and Business Improvement District Law of 1994, as amended (Section 36600 et seq., Streets and Highways Code, State of California)("State Law"), which allows for the renewal of a district in which operations would be supported by revenue collected from property owners in the district.

The proposed District's programs include, but are not limited to the following: image enhancement, maintenance services, special projects, capital reserves, and administration.

05

PRELIMINARY PETITIONS

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

The petitions received indicate affirmative financial support of the project in an amount equivalent to \$62,479. This represents 50.42 percent of the proposed District's projected first year revenue of \$123,919. Because the greater than 50 percent threshold of preliminary support has been achieved, the formal business improvement district renewal process, including a public hearing before the City Council, may be initiated.

PROPOSED DISTRICT BOUNDARIES

A general description of the proposed District is as follows: properties along both the north and south sides of Ventura Boulevard between White Oak Avenue to the west and Balboa Boulevard to the east.

The map included in the District's Management District Plan gives sufficient detail to locate each parcel of property within the proposed District.

DISTRICT RENEWAL AND PROPOSITION 218 COMPLIANCE

Article XIII D of the California Constitution (Proposition 218) requires, among other things, that: 1) the City Council identify all parcels that will have a special benefit conferred upon them and upon which assessments will be imposed; 2) the City Council not impose an assessment on a parcel which exceeds the reasonable cost of the proportional benefit conferred on that parcel; 3) the City Council separate the general benefits from the special benefits conferred on a parcel; and 4) all assessments be supported by a detailed engineer's report prepared by a registered professional engineer certified by the State of California.

The Engineer's Report included herewith supports the assessments contained in the Management District Plan and, in addition, includes facts that would support City Council findings relative to items 1 through 3 above.

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

PROPOSED IMPROVEMENTS AND PROGRAMS

The District is expected to expend \$123,919 during its first year of operation. The District's Management District Plan includes proposed annual budget increases during the ten-year operating life of the District with a maximum annual budget \$161,685 in year ten. The revenue will be utilized to fund the proposed District's improvements and activities that include, but are not limited to: image enhancement, maintenance services, special projects, capital reserves, and administration.

There will be no additional assessment levied for 2006. The 2006 budget will be funded from assessment revenue rolled over from the prior year. The collection of assessments will begin for the year 2007, which is the second year of the BID term.

ASSESSMENT FORMULA AND DISBURSEMENTS

The District's proposed assessment formula is based upon an allocation of program costs and a calculation of assessable land, building square footage, and linear frontage, as described in the attached Management District Plan.

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

CONTRACTING WITH OWNERS' ASSOCIATION

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

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

ASSESSABLE CITY PROPERTY

There are no City assessable properties within the District.

FISCAL IMPACT

City Clerk administrative expenses will be charged to the proposed District and will be recovered from assessments collected. The amount of recoverable costs for the first year of the District's operations is estimated to be \$3,718, representing three percent (3%) of the District's estimated first-year assessment revenue. If the District's assessments are not placed on the County's annual property tax rolls, an additional one percent (1%) for processing of direct billing by the City Clerk's office will apply.

RECOMMENDATIONS

1. FIND that the petitions submitted on behalf of the proponents of the proposed Encino Commons Business Improvement District are signed by property owners who will pay more than fifty (50) percent of the assessments proposed to be levied.
2. ADOPT the Preliminary Report of the City Clerk.
3. ADOPT the attached Management District Plan.
4. ADOPT the attached Engineer's Report.
5. FIND that all parcels that will have a special benefit conferred upon them and upon which an assessment would be imposed are those as identified in the Management District Plan.
6. FIND that in accordance with Article XIII D of the California Constitution and based on the facts and conclusions contained in the attached Engineer's Report, the assessment levied on each parcel within the proposed District is proportionate to the special benefit derived from the improvements and activities that are to be provided.
7. FIND that in accordance with Article XIII D of the California Constitution and based on the facts and conclusions contained in the attached Engineer's Report, there are no general benefits to be separated from the special benefits conferred on each parcel within the proposed District.
8. FIND that in accordance with Article XIII D of the California Constitution and based on the facts and conclusions contained in the attached Engineer's Report, no assessment imposed on any parcel exceeds the reasonable cost of the proportional special benefit conferred on that parcel.

9. FIND that the services provided by the Owners' Association are in the nature of professional, expert, technical or other special services, that the services are of a temporary and occasional character, and that the use of competitive bidding would be impractical, not advantageous, undesirable or where the common law otherwise excuses compliance with competitive bidding requirements.
10. APPROVE Encino Property Business Improvement District, Inc. to serve as the Owners' Association to administer the Encino Commons Business Improvement District and authorize the City Clerk to execute a contract with Encino Property Business Improvement District, Inc., if the District is renewed.
11. ADOPT the attached Ordinance of Intention to renew the Encino Commons Business Improvement District.
12. DIRECT the City Clerk to comply with the notice, protest, and hearing procedures prescribed in the Proposition 218 Omnibus Implementation Act (California Government Code, Section 53750 et seq.).
13. REQUEST the City Attorney, with the assistance of the City Clerk, to prepare an enabling Ordinance renewing the Encino Commons Business Improvement District for Council consideration at the conclusion of the required public hearing.

Sincerely,



Frank T. Martinez
City Clerk

FTM:KEK:HLW:MCP:RMH:qg

Attachments:
Management District Plan
Engineer's Report
Ordinance of Intention

ORDINANCE NO. _____

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

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

WHEREAS, after a public hearing the City Council on August 15, 2000 adopted an ordinance establishing the Encino Commons Business Improvement District pursuant to the Provisions of the Property and Business Improvement District Law of 1994 (Division 18, Part 7, Streets and Highways Code, State of California); and

WHEREAS, property owners in the Encino Commons business community who will pay more than 50 percent of the total amount of assessments to be levied, have filed written petitions requesting that the City Council renew such a district to be named the Encino Commons Business Improvement District; and

NOW THEREFORE,

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

Section 1. DECLARATION. Pursuant to the provisions of Property and Business Improvement District Law of 1994 (Section 36600 et seq. of the Streets and Highways Code) the City Council declares its intention to consider the renewal of a Property and Business Improvement District to be named the Encino Commons Business Improvement District ("District").

Sec. 2. ADOPTION OF ENGINEER'S REPORT AND MANAGEMENT DISTRICT PLAN. The City Council hereby adopts, approves and confirms the Engineer's Report and the Management District Plan included in Council File No. 02-2217 and by this reference incorporates them here as though fully set forth.

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

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

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

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

Sec. 7. DISTRICT BOUNDARIES. The City Council hereby declares that the boundaries of the proposed District are as detailed in the Management District Plan. A general description of the exterior boundaries of the proposed District is as follows: properties along both the north and south sides of Ventura Boulevard between White Oak Avenue to the west and Balboa Boulevard to the east.

Sec. 8. IMPROVEMENTS AND ACTIVITIES. The City Council hereby declares that the proposed activities and improvements to be funded by the levy of assessments on property within the District are detailed in the Management District Plan. The proposed activities and improvements include, but are not limited to, image enhancement, maintenance services, special projects, capital reserves, and administration. The District will not issue bonds.

Sec. 9. ANNUAL ASSESSMENTS AND DURATION. The District's total annual assessment for the first year is estimated to be \$123,919. It is proposed that the District be renewed for a ten-year period.

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

Sec. 11. NOTICE, PROTESTS AND HEARING PROCEDURES. The City Clerk shall follow the notice, protest, and hearing procedures prescribed in the Proposition 218 Omnibus Implementation Act (California Government Code, Section 53750 et seq.).

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

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

Sec. 14. TABULATION OF ASSESSMENT BALLOTS. At the conclusion of the public hearing, the City Clerk shall tabulate all assessment ballots that have been submitted and not withdrawn. To be included in the tabulation, assessment ballots must be received by the City Clerk either at the address indicated in the notice required by Government Code Section 53753 or at the site of the public hearing prior to the conclusion of the public hearing. The City Clerk will certify the results of the tabulation to the City Council during its meeting on _____, 2006 at 10:00 a.m., or as soon thereafter as City Council business permits, in the John Ferraro Council Chamber, Room 340, City Hall, 200 North Spring Street, Los Angeles, California 90012.

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

Sec. 16. CERTIFICATION. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

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

FRANK T. MARTINEZ, City Clerk

By _____
Deputy

Approved on _____.

ANTONIO R. VILLARAIGOSA, Mayor

Date _____

Approved as to Form and Legality
ROCKARD J. DELGADILLO, City Attorney

By 
Assistant City Attorney
Deputy

Date 5-2-06

Council File No. 02-2217

**THE ENCINO COMMONS
PROPERTY BUSINESS IMPROVEMENT DISTRICT
MANAGEMENT DISTRICT PLAN**

*Formed Under California Streets and Highways Code Section 36600 et seq.
Property Business Improvement District Act of 1994
(Hereinafter "State Law")*

FINAL PLAN

PRESENTED BY:

**SUSAN LEVI AND ASSOCIATES, INC.
13029-A VICTORY BOULEVARD, #319
VALLEY GLEN, CA 91606
818 780-9100 PHONE
818 780-9104 FAX**

OCTOBER 2005

**THE ENCINO COMMONS
PROPERTY BUSINESS IMPROVEMENT DISTRICT (BID)
MANAGEMENT DISTRICT PLAN
FINAL PLAN – OCTOBER 2005**

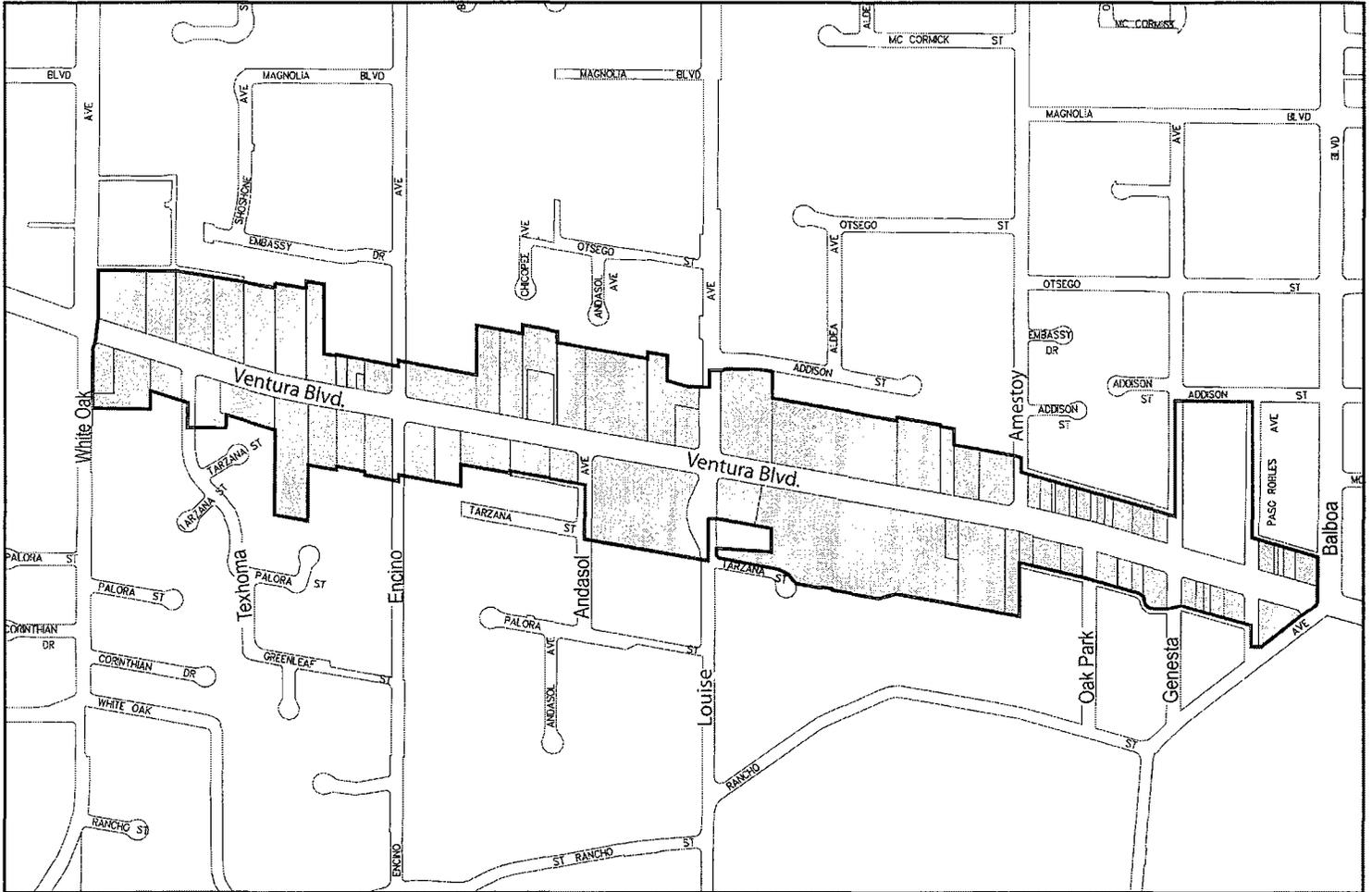
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A. MAP OF THE DISTRICT AND PARCELS AFFECTED



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

ENCINO COMMONS
PROPERTY BUSINESS IMPROVEMENT DISTRICT



B. NAME OF DISTRICT

The name of the renewed district shall be The Encino Commons Property Business Improvement District (BID).

C. DESCRIPTION OF BOUNDARIES AND BENEFIT ZONES

The boundaries of the renewed Encino Commons BID are from Balboa to White Oak on Ventura Boulevard. The address series is 16900 Ventura Boulevard through 17661 Ventura Boulevard. Only commercial parcels shall be assessed to fund special benefit services as outlined in this plan.

There is only one benefit zone in the proposed district. The district includes a total of 74 parcels represented by 61 individual property owners.

D. LIST OF IMPROVEMENTS AND ACTIVITIES PROPOSED FOR EACH YEAR OF OPERATION AND MAXIMUM COSTS

The first year annual budget is estimated to be \$123,919. Interest accrued or delinquent payments may be expended in any budget category.

The Board of Directors of the Management Corporation has proposed a *significantly reduced renewal budget*. Over the past five years a substantial amount of assessment funds have been used for streetscape improvements. Having achieved their goals, the BID now seeks to generate sufficient revenue to maintain the improvements and provide other services as needed.

The BID may reserve funds in 2005, which will be rolled over into the renewal budget to complete major streetscape improvements along Ventura Boulevard should they encounter delays in implementation. The BID is currently working on the installation of two gateway signs, spanning Ventura Boulevard, and pedestrian lights complete with hanging, flowering baskets pending the outcome of a Proposition 218 election. These two projects require a great deal of coordination and approval from various City Departments, and the BID hopes to complete both by the end of 2005. If this is not the case, the BID will reserve the remaining 2005 Image Enhancement funds and roll them into the renewal budget within the same category. Any funds remaining after the tenth year of operations will be rolled over into the renewal budget or returned to stakeholders. Also, if funds are available in the ninth or tenth year of operations, costs for renewal may be expended. The Owners' Association shall have the right to shift allocations within the budget categories up to 10% of the total budget upon completion of programs and services outlined in the ten-year budget. For example, if all special projects were completed by year 4, the Board may reallocate 10% or \$1,232.00 to image enhancement. This ability to reallocate funding will apply to all of the programs outlined in the Plan.

A DESCRIPTION OF IMPROVEMENTS ARE AS FOLLOWS:

1. IMAGE ENHANCEMENT

Having successfully completed numerous Image Enhancement projects that have helped transform the district, this budget has been considerably reduced. Image Enhancement will now include quarterly newsletters to inform stakeholders of the BID's progress and maintenance of the district's website, www.encinocommons.com, a valuable promotional tool for both property and business owners.

2. MAINTENANCE

Maintenance will be the primary focus of the renewed BID. In the past five years over 200 trees have been planted, 3 center islands and 39 decorative pots installed and landscaped, as well as street furniture, inlaid brick work and trash receptacles. As mentioned above, in 2005, the BID plans to install two gateway signs and pedestrian lighting. The renewed BID will continue to maintain all of these improvements.

Landscape maintenance will be done on a monthly basis. All planters will be kept clear of trash and debris and weeded weekly. Flowers, shrubs and ground covers will be pruned or trimmed to maintain their size in respect to safety, species, size of planter or relative surroundings. Trees will be kept trimmed and shaped throughout the year to maintain pedestrian clearance. Sprinkler systems will be continually checked and serviced, while planters without automatic irrigation will be hand watered. Curbs, parking and paved areas will be kept clean and trash receptacles will be emptied, wiped down and kept graffiti free. Additionally, all bus stops within the district will be pressure washed monthly and the entire district will be pressure washed quarterly. Business and commercial properties within the BID will benefit from the bus stop cleanings because they rely on the bus system for patrons and workers. The sidewalk cleanings will likewise benefit the businesses and commercial properties within the BID as clean sidewalks will attract pedestrian patronage.

3. ADMINISTRATION

Included in the Administration component are the costs for a part-time Executive Director, bookkeeping, office expenses, legal fees, accounting fees, bank charges, annual report and Directors & Officers and General Liability insurance.

4. SPECIAL PROJECTS/CONTINGENCY

The Special Projects/Contingency budget includes City/County collection fees, and additional projects the Owners' Association (BID) deems appropriate.

There will be no additional assessment levied for 2006. The 2006 budget will be funded from assessment revenue rolled over from the prior year. The collection of assessments will begin for the year 2007, which is the second year of the BID term.

The list of improvements and activities proposed for each year of operation, and their maximum costs are as follows (includes maximum 3 percent increase per year):

<u>IMPROVEMENTS</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>	<u>YEAR 4</u>	<u>YEAR 5</u>
IMAGE ENHANCEMENT	\$500	\$515	\$530	\$546	\$562
MAINTENANCE	\$82,920	\$85,408	\$87,970	\$90,609	\$93,327
ADMINISTRATION	\$31,000	\$31,930	\$32,888	\$33,875	\$34,891
SPECIAL PROJECTS/ CONTINGENCY	\$9,499	\$9,783	\$10,077	\$10,379	\$10,691
TOTAL	\$123,919	\$127,636	\$131,465	\$135,409	\$139,471

<u>IMPROVEMENTS</u>	<u>YEAR 6</u>	<u>YEAR 7</u>	<u>YEAR 8</u>	<u>YEAR 9</u>	<u>YEAR 10</u>
IMAGE ENHANCEMENT	\$579	\$596	\$614	\$632	\$651
MAINTENANCE	\$96,127	\$99,011	\$101,981	\$105,040	\$108,191
ADMINISTRATION	\$35,938	\$37,016	\$38,127	\$39,271	\$40,449
SPECIAL PROJECTS/ CONTINGENCY	\$11,011	\$11,342	\$11,682	\$12,033	\$12,394
TOTAL	\$143,655	\$147,965	\$152,404	\$156,976	\$161,685

Note: Interest accrued or delinquent payments may be expended in any of the above categories.

E. TOTAL ANNUAL AMOUNT PROPOSED FOR IMPROVEMENTS, MAINTENANCE AND OPERATIONS FOR EACH YEAR OF OPERATION

Annual increases assume a three (3) percentage maximum increase in overall assessment revenues collected per year. This is the maximum allowable increase based upon the Management District Plan and assessment methodology of the property variables. This increase may be imposed at the discretion of the Owners' Association.

The Owners' Association shall make a notification to the City annually as to whether or not any adjustments to the current year's assessment rates will be made.

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

This method of financing the special services is based upon the levy of assessments on real property that benefit from proposed improvements and activities. This represents a "benefit assessment district" as defined in the State Law.

The assessments for the BID are based upon three variables, which have been endorsed by the property owners as the most fair and equitable for apportionment of assessments to participating parcels. **Building square footage** and **Lot size** will be assessed based upon the data submitted to the City. **Linear frontage** will be assessed only on the side fronting Ventura Boulevard.

The BID Property Variables:

<i>Property Variables</i>	<i>Total in District</i>
Building Square Footage	1,236,199 square feet
Lot Size	2,335,839 gross square feet
Linear Frontage	9,535.85 linear feet

The First Year Annual BID Rates:

<i>Property Variable</i>	<i>Total in District</i>	<i>1st Year Annual Costs</i>	<i>Revenue Generated by Variable, First Year</i>
Bldg. Sq. ft.	1,263,199 square feet	\$0.049 per sq. foot	\$60,573.75
Lot Size	2,335,839 square feet	\$ 0.0135 per sq. foot	\$31,533.83
Linear	9,535.85 linear feet	\$3.336 per linear foot	\$31,811.60
Total			\$123,919.18

Assessment Formula:

(Lot size x rate per square foot) + (linear frontage x rate per linear foot) + (bldg. square footage x rate per square foot) = assessment. For example, (1000 square feet x \$0.0135 = \$13.50) + (50 linear feet x \$3.336 = \$166.80) + (800 square feet x \$0.049 = \$39.20) = \$219.50.

G. TIME AND MANNER OF COLLECTING ASSESSMENTS

As provided by State Law, the BID assessment will appear as a separate line item on the annual property tax bills prepared by the County of Los Angeles. Property tax bills are generally distributed to property owners in the fall, and payment is expected by lump sum or in two installments. The County of Los Angeles shall distribute the assessments to the City, which will in turn forward the assessments to the Owners’ Association pursuant to the authorization of this plan. Existing laws for enforcement of property taxes apply to the District’s assessments.

The assessments shall be collected at the same time and in the same manner as for any ad valorem tax paid to the County of Los Angeles. These assessments shall provide for the same lien priority and penalties for delinquent payment as is provided for the ad valorem tax. However, assessments will be billed by the City of Los Angeles for the first fiscal year of operation and then by the County for all subsequent years.

The “property owner” means any person shown as the owner/taxpayer on the last equalized assessment roll or otherwise known to be the owner/taxpayer by the City.

Publicly Owned Parcels and Government Assessments:

According to the California Constitution, Article XIII D, Section 4, parcels within the district that are owned or used by a public agency shall not be exempt from the assessment unless City Council finds, by clear and convincing evidence, that the publicly owned parcels in fact receive no benefit.

There is one publicly owned parcel in the proposed BID boundaries, parcel number 2258-017-900. This parcel is a public park owned by the City of Los Angeles. The park fronts Ventura Boulevard between Paso Robles and Genesta. The BID does not provide any services to this block or the interior of the park. The BID will not direct any special projects that include the park, the BID will not feature the park in the quarterly newsletters or website, and the BID will not maintain the grassy sidewalks of the park or its interior. Thus, the park will not benefit from the special project, image enhancement, maintenance or streetscape programs the BID administers and will not require the administration services of the BID. Therefore, the park will not require or receive any special benefit from the administration services provided by the BID.

The City's Department of Recreation and Parks provides all of the aforementioned services for the park. For these reasons, the public park will not be assessed.

H. TYPE OF BID (NEW V. RENEWAL), TERM

The proposed BID is a renewal district. Pursuant to State Law, the BID will have a duration of ten years, commencing on January 1, 2006 and terminating on December 31, 2015.

I. PROPOSED TIME FOR IMPLEMENTATION AND COMPLETION OF MANAGEMENT DISTRICT PLAN

<i>Task to be Completed</i>	<i>Estimated Date of Completion</i>
Completion and approval of Management District Plan by the Owners' Association	April 2005
Send complete Management District Plan to Assessment Engineer	June 2005
Complete petition drive reflecting support of property owners in the proposed district who will pay more than fifty (50) percent of the assessment proposed to be levied	October 2005
Submit completed petitions to City Clerk	October 2005
Submit ballots to City Clerk	October 2005
Ordinance by City Council triggering assessment ballot proceeding	November 2005
Public Hearing/Counting of returned ballots, consideration of ordinance by Los Angeles City Council establishing the district	January 2006

J. PROPOSED RULES AND REGULATIONS TO BE APPLIED TO THE DISTRICT

All proposed rules and regulations applied to the BID are contained within this Management District Plan.

K. LIST OF ASSESSED PROPERTIES

See appendix "A"

L. OTHER ITEMS

There are no other items relevant to the adoption of this Management District Plan.

M. MANAGEMENT DISTRICT PLAN AUTHOR

The management district plan's author is Susan Levi and was produced by Susan Levi & Associates, Inc.

**APPENDIX A
LIST OF PARCELS INCLUDED IN THE DISTRICT**

APN	1 ST YEAR ASSESSMENTS	APN	1 ST YEAR ASSESSMENTS
2257 008 001	\$1,129.82	2258 018 018	\$649.79
2257 008 002	\$543.28	2289 001 016	\$1,031.74
2257 008 005	\$354.59	2289 002 001	\$658.99
2257 008 015	\$340.78	2289 002 002	\$315.46
2257 008 026	\$1,083.30	2289 002 003	\$285.39
2257 008 027	\$1,692.34	2289 002 004	\$520.89
2257 008 040	\$2,087.48	2289 002 020	\$757.85
2257 008 045	\$3,319.30	2289 003 004	\$309.62
2257 008 046	\$3,006.76	2289 003 022	\$2,413.68
2257 008 048	\$2,779.59	2289 003 023	\$248.88
2257 008 049	\$2,710.18	2289 003 026	\$20.09
2257 016 001	\$1,006.65	2289 003 027	\$840.83
2257 016 053	\$5,860.14	2289 004 001	\$501.94
2257 016 054	\$2,539.53	2289 004 023	\$745.74
2257 016 056	\$2,548.18	2289 004 029	\$784.61
2257 016 057	\$10,678.17	2289 005 002	\$2,403.35
2258 012 008	\$443.38	2289 005 010	\$636.10
2258 012 013	\$2,250.43	2289 005 012	\$1,075.75
2258 012 014	\$665.78	2289 005 020	\$1,352.88
2258 012 022	\$7,378.07	2289 005 026	\$241.63
2258 012 025	\$3,499.50	2289 005 058	\$731.72
2258 012 026	\$3,992.59	2289 005 059	\$13,458.06
2258 013 001	\$929.61	2290 001 002	\$5,596.55
2258 013 002	\$827.93	2290 004 001	\$1,447.15
2258 013 008	\$217.70	2290 004 024	\$1,169.60
2258 013 011	\$151.29	2290 004 025	\$1,430.45
2258 013 012	\$634.43	2290 004 035	\$1,401.70
2258 013 014	\$856.63	2290 004 038	\$1,332.60
2258 013 019	\$526.71	2290 007 001	\$1,120.29
2258 013 020	\$857.31	2290 007 002	\$1,420.95
2258 013 021	\$595.75	2290 007 007	\$2,297.06
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2258 013 023	\$611.77	2290 008 019	\$1,222.91
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2258 018 002	\$159.53	2290 009 014	\$1,086.41
2258 018 003	\$251.97	2290 010 002	\$1,034.43
2258 018 004	\$445.02	2290 010 012	\$1,561.63
		TOTAL	\$123,919.18

APPENDIX B

ENGINEER'S REPORT

**ENCINO COMMONS
PROPERTY BUSINESS IMPROVEMENT
DISTRICT**

**DISTRICT
ASSESSMENT ENGINEER'S
REPORT**

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

November 2005

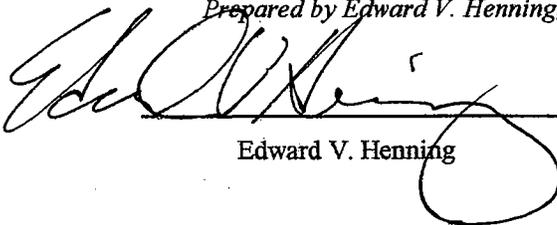
ENCINO COMMONS PROPERTY BUSINESS IMPROVEMENT DISTRICT
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DISTRICT ASSESSMENT ENGINEER'S REPORT

To Whom It May Concern:

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

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



RPE #26549

November 18, 2005

Edward V. Henning

Date

(NOT VALID WITHOUT EMBOSSED CERTIFICATION SEAL AND SIGNATURE HERE)

Introduction

This report serves as the "detailed engineer's report" required by Section 4(b) of Article XIII D of the California Constitution (Proposition 218) to support the benefit property assessments proposed to be levied within the Encino Commons PBID in the City of Los Angeles, California being re-established for a ten year period. The discussion and analysis contained within constitutes the required "nexus" of rationale between assessment amounts levied and special benefits derived by properties within the Encino Commons PBID.

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

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Background

The Encino Commons PBID is a property-based benefit assessment type district being re-established as a Property Business Improvement District (PBID) pursuant to Section 36600 et seq. of the California Streets and Highways Code, also known as the Property and Business Improvement District Law of 1994 (the “Act”). Due to the benefit assessment nature of assessments levied within a PBID, district program costs are to be distributed amongst all identified benefiting properties based on the proportional amount of program benefit each property is expected to derive from the assessments collected. 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 benefits expected to be received.

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

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

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

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

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

Supplemental Proposition 218 Procedures and Requirements

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

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

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

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

There are 74 “identified” individual parcels within the Encino Commons PBID which will derive special benefit from the proposed District programs and activities. The benefits are special and unique only to the identified properties within the proposed District because programs and services (i.e. image enhancement, maintenance, administration, and special projects) will only be provided directly for the identified properties. These identified benefiting parcels are shown on the Boundary Map within the Management District Plan and are listed as an attachment to the Plan and

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this report - identified by assessor parcel number. One benefit zone has been identified within the District which include all properties within the subject Ventura Boulevard corridor from Balboa to White Oak. The address series is 16900 through 17661 Ventura Boulevard. Only commercial parcels shall be assessed to fund special benefit services as outlined in the Management Plan which will benefit proportionately to the proposed programs and services based on the proposed levels of service and the corresponding cost estimates. It is noted that there are no parcels zoned solely for residential or agricultural use within the proposed District.

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

As stipulated by Prop 218, assessment district programs and activities may confer a combination of general and special benefits to properties, but the only program benefits which can be funded through assessments are those attributed to special property related benefits. For the purposes of this analysis, a “general benefit” is hereby defined as: “A benefit to properties in the area and in the surrounding community or benefit to the public in general resulting from the improvement, activity, or service to be provided by the assessment levied”. From this, the definition of “special benefit” would thereby be: “A benefit unique and special to identified properties resulting from the improvement, activity, or service to be provided by the assessment levied”.

In the case of the proposed PBID, the very nature of the purpose of this district is to fund supplemental programs, improvements and services above and beyond what is being currently funded either via normal tax supported methods or other funding sources. Specifically they include:

1. IMAGE ENHANCEMENT

Having successfully completed numerous Image Enhancement projects that have helped transform the district, this budget has been considerably reduced. Image Enhancement will now include quarterly newsletters to inform stakeholders of the BID’s progress and maintenance of the district’s website, www.encinocommons.com, a valuable promotional tool for both property and business owners.

2. MAINTENANCE

Maintenance will be the primary focus of the renewed BID. In the past five years over 200 trees have been planted, 3 center islands and 39 decorative pots installed and landscaped as well as street furniture including inlaid brick pavers, benches and trash receptacles established. As mentioned above, in 2005, the BID plans to install two gateway signs and pedestrian lighting. The renewed BID will continue to maintain all of these improvements.

Landscape maintenance will be done on a monthly basis. All planters will be kept clear of trash and debris and weeded weekly. Flowers, shrubs and ground covers will be pruned or trimmed to maintain their size in respect to

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safety, species, size of planter or relative surroundings. Trees will be kept trimmed throughout the year to maintain pedestrian clearance. Sprinkler systems will be continually checked and serviced, while planters without automatic irrigation will be hand watered. Curbs, parking and paved areas will be kept clean and trash receptacles will be emptied, wiped down and kept graffiti free. Additionally, all bus stops within the district will be pressure washed monthly and the entire district will be pressure washed quarterly. Commercial properties, and in turn their tenants, within the BID will benefit from the bus stop cleanings because they rely on the bus system for patrons and workers. The sidewalk cleanings will likewise benefit the commercial properties and their tenants within the BID as clean sidewalks will attract pedestrian patronage.

3. ADMINISTRATION

Included in the Administration component are the costs for a part-time Executive Director, bookkeeping, office expenses, legal fees, accounting fees, bank charges, annual report and Directors & Officers and General Liability insurance.

4. SPECIAL PROJECTS/CONTINGENCY

The Special Projects/Contingency budget includes City/County collection fees, and additional projects the Owners' Association (BID) deems appropriate.

The proposed programs/services/improvements delineated above will only be provided within the proposed District boundaries and only for the direct special benefit for properties within the District. The fact that the proposed PBID assessments will only be levied on properties within its District boundaries and, in turn, assessment revenues can only be spent on programs, improvements and services that provide direct or special benefit to properties within the PBID boundaries, it is hereby determined that there are no quantifiable, measurable or tangible general benefits in the PBID area and to the surrounding community or the public in general. Hence, 100% of the benefits are deemed "special" and none are deemed "general".

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.

The proportionate special benefit cost for each parcel is listed in Appendix A attached hereto. The individual percentages (i.e. proportionate relationship to the total special benefit related program and activity costs) would be computed by dividing the individual parcel assessment by the total special benefit program costs.

There is one benefit zone in the proposed district. The assessment revenue will be based 50% on building areas and 25% each on lot sizes and street frontage.

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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 Encino Commons PBID, they are also considerably less than other options considered by the Encino Commons PBID formation steering committee. The actual assessment rates for each parcel within the PBID directly relate to the level of service to be provided within the benefit zones and the respective numerics for each parcel (i.e. lot size, building size and street frontage).

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

There is one publicly owned property currently within the proposed District. This parcel is a public park owned by the City of Los Angeles. The park fronts Ventura Boulevard between Paso Robles and Genesta. The BID does not provide any services to this block or the interior of the park. The BID will not direct any special projects that include the park, the BID will not feature the park in the quarterly newsletters or website, and the BID will not maintain the grassy sidewalks of the park or its interior. The City’s Department of Recreation and Parks provides maintenance services to the park. Therefore, the park will not benefit from the special project, image enhancement, maintenance or streetscape programs the BID administers and will not require the administration services of the BID. There is conclusive evidence that this parcel would receive no special benefit from the programs, services and improvements proposed to be funded via District assessments. The City’s Department of Recreation and Parks provides all of the aforementioned services for the park. Therefore this parcel will not be assessed at this time.

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 Encino Commons PBID.

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

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The individual and total parcel assessments attributable to special property benefits are shown on Appendix A attached hereto. The District and resultant assessment payments will continue for ten 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 50% attributed to the specific amount of building square footage and 25% each for land square footage and linear feet of street frontage. There is one (1) Benefit Zone identified.

Assessment Formula Methodology

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

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

Based on the specific nature of the program activities to be funded by the Encino Commons PBID (i.e. image enhancement, maintenance, administration, and special projects) which relate directly to the proportionate amount of real estate (i.e. land) held in ownership, building area, and property street frontage it has been determined that the assessments will be based on parcel size, building size and amount of street frontage.

The “Basic Benefit Unit” will be expressed as a function of land square footage (Basic Benefit “A” Units), building square footage (Basic Benefit “B” Units), and street frontage (Basic Benefit “C” Units). Based on the shape of the Encino Commons PBID, as well as the nature of the District program elements, it is determined that all properties benefit to the same extent, and will gain a direct and proportionate degree of benefit based on the respective amount of parcel size, building size and amount of street frontage.

Step 2. Quantify Total Basic Benefit Units

Taking into account all identified benefiting properties and their respective assessable benefit units, there are 2,335,839 square feet of assessable parcel land area, 1,236,199 square feet of assessable building area and 9,535.85 linear feet of street frontage.

Step 3. Calculate Benefit Units for Each Property.

The number of Benefit Units for each identified benefiting parcel within the Encino Commons PBID was computed from data extracted from City of Los Angeles City Clerk land records as well as County of Los Angeles Assessor records and maps. These data sources delineate current land uses, property areas and dimensions of record for each tax parcel. While it is understood that this data does not represent legal field survey measurements or detailed title

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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 has been provided to each property owner in the PBID for their review. All known or reported discrepancies, errors or misinformation have been corrected.

Step 4. Determine Assessment Formula

All identified properties within the proposed District are commercial land uses such as retail, service, office or parking. Thus all properties will be assessed in a similar proportionate manner using the same formula. The Encino Commons PBID assessment is to be based on three Basic Benefit Unit factor; parcel size (Benefit “A” Unit), building square footage (Basic Benefit “B” Units), and street frontage (Basic Benefit “C” Units) within one (1) Benefit Zones. It has been determined that the assessment should be based approximately 50% (48.8% actual) on parcel size and approximately 25% each on building size and amount of street frontage (25.4% and 25.7% actual) as follows:

Assessment Formula Factors:

Property Size Factor (Benefit Unit “A”) = $\$123,919.18 \times 48.8\% / 2,335,839 \text{ SF} = \$0.0135/\text{SF Property}$, plus

Building Size Factor (Benefit Unit “B”) = $(\$123,919.18 \times 25.4\%) / 1,236,199 \text{ SF} = \$0.049/\text{SF Property}$, plus

Street Frontage Factor (Benefit Unit “C”) = $(\$123,919.18 \times 25.7\%) / 9,535.85 \text{ LF} = \$3.336/\text{LF Property}$

Step 5. Estimate Total District Costs

The total District costs are shown below in Table 1.

TABLE 1
Total Year 1 District Costs

Cost Description	Year 1
Image Enhancement	\$500.00
Maintenance	\$82,920.00
Administration/Corporate Operations	\$31,000.00
Special Projects/Contingency	\$9,499.00
TOTAL DISTRICT COSTS	\$123,919.18

ENCINO COMMONS PROPERTY BUSINESS IMPROVEMENT DISTRICT*(Not Valid Without Signature and Embossed Certification Seal Within)***Step 6. Separate General Benefits from Special Benefits and Related Costs (Prop 218)**

All general benefits (if any) are intangible and unquantifiable. All benefits derived from the assessments outlined in the District Management Plan are for services directly benefiting the property owners within this specialized Zone and support increased commerce and all the other goals and objectives of the PBID. All maintenance, image enhancement activities, special projects, and administration activities are provided solely to properties within the district to increase patronage to the and commercial properties and their tenants within the BID. No services are delivered outside the boundaries. Any potential spill over effect is unquantifiable. Total District revenues are shown below in Table 2.

TABLE 2**Total Year 1 District Revenues**

Funding Source	Subtotal Revenue	% of Total
PBID Assessments	\$123,919.18	100.00%
TOTAL DISTRICT REVENUE	\$123,919.18	100.00%

Step 7. Calculate “Basic Unit Cost”

With a Year 1 budget of \$123,919.18 (special benefit only), the Basic Unit Costs (“A”, “B” and “C”) are shown in the District Plan. Since the PBID is planned for a ten year term, maximum assessments for future years (Years 2 through 10) must be set at the inception of the PBID. An annual flat rate increase of up to 3% may be imposed for Years 2-10, subject to approval by the PBID Property Owner’s Association.

There will be no additional assessment levied for 2006. The 2006 budget will be funded from assessment revenue rolled over from the prior year. The collection of assessments will begin for the year 2007, which is the second year of the BID term.

Step 8. Spread the Assessments

The resultant assessment spread calculations for each parcel within the PBID are shown in Appendix A attached hereto and were determined by applying the District assessment formula to each identified benefiting property.

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APPENDIX A LIST OF PARCELS INCLUDED IN THE DISTRICT

APN	1 ST YEAR ASSESSMENTS	APN	1 ST YEAR ASSESSMENTS
2257 008 001	\$1,129.82	2258 018 018	\$649.79
2257 008 002	\$543.28	2289 001 016	\$1,031.74
2257 008 005	\$354.59	2289 002 001	\$658.99
2257 008 015	\$340.78	2289 002 002	\$315.46
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2258 018 002	\$159.53	2290 009 014	\$1,086.41
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2258 018 004	\$445.02	2290 010 012	\$1,561.63
		TOTAL	\$123,919.18