

ATTACHMENT 1

**PACIFIC PALISADES  
PROPERTY & BUSINESS IMPROVEMENT DISTRICT  
RENEWAL**

**ASSESSMENT ENGINEER’S  
REPORT**

*Being Renewed for a 10 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*

**November 5, 2019**

**FINAL**

**V3.0**

# PACIFIC PALISADES PBID – ASSESSMENT ENGINEER’S REPORT

## 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 Pacific Palisades Property & Business Improvement District ("PPBID") being renewed for a ten (10) year term will receive a special benefit over and above the benefits conferred on the public at large and that the amount of the proposed assessment is proportional to, and no greater than the benefits conferred on each respective property.

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



A handwritten signature in blue ink, appearing to read "Edward V. Henning", written over a horizontal line.

RPE #26549 November 5, 2019

Edward V. Henning

Date

*(NOT VALID WITHOUT SIGNATURE AND CERTIFICATION SEAL HERE)*

### **Introduction**

This report serves as the “detailed engineer’s report” required by Section 4(b) of Article XIID of the California Constitution (Proposition 218) to support the benefit property assessments to be levied within the proposed PPBID in the City of Los Angeles, California being renewed for a ten (10) year term. The discussion and analysis contained within this Report constitutes the required “nexus” of rationale between assessment amounts levied and special benefits conferred on real properties within the proposed renewed PPBID.

# PACIFIC PALISADES PBID – ASSESSMENT ENGINEER’S REPORT

## **Background**

The PPBID is a property-based benefit assessment type district being renewed for a ten (10) 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 PPBID. 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 PPBID, these supplemental requirements will be taken into account. The key provisions of Article XIID along with a description of how the PPBID complies with each of these provisions are delineated below.

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

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

### **Setting**

The renewed PPBID is located along Sunset Boulevard from Carey Street to the western commercial edge of the business district. The renewed district will have 69 parcels and 52 property owners. The renewed PPBID is a traditional linear commercial corridor, with a slight street grid to accommodate businesses and retailers on each side of Sunset Boulevard.

### **Boundary Description**

The renewed PPBID encompasses approximately 13 blocks centered along both sides of Sunset Boulevard including the traditional retail and commercial zoning of the business district. A list of all parcels included in the proposed renewed PPBID is shown as Appendix 1, attached to this Report with their respective Los Angeles County assessor parcel number. The boundary of the proposed renewed PPBID and parcels within it are shown on the map of the PPBID attached as Appendix 2 to this Report.

### **Benefit Zones**

There is one benefit zone within the proposed renewed PPBID.

### **Boundary Rationale**

The PPBID boundaries are comprised of the commercial core parcels where the main historic economic activity of Pacific Palisades is centered. The commercial parcels fronting Sunset Boulevard, La Cruz Street, North Swarthmore Avenue and Via de la Paz are the heart of the commercial core of Pacific Palisades. These parcels showcase an array of commercial retailers, service stores, and various other commercial enterprise within the business district. All areas north, south, east and west of the PPBID are primarily residential zoning with predominantly residential uses. State PBID Law (Section 36632 Streets and Highways Code) states: Properties zoned solely for residential use.....are conclusively presumed not to benefit from the improvements and services funded through these assessments, and shall not be subject to any assessments pursuant to this part. It is noted that no parcels within the proposed PPBID are zoned solely residential.

#### **Northern Boundary**

The northern boundary of the renewed PPBID is defined by the commercial parcels which are located along the north and south side of Sunset Boulevard in Pacific Palisades. Every parcel that fronts along the north side of Sunset Boulevard between Carey Street on the east (*parcels 4423-017-026 and 4411-001-019*) and parcels 4422-022-015 and 4412-001-017 on the west, represents the northern boundary of the renewed PPBID. Furthermore, the two parcels at the north end of Monument Street and Bashford Street, (*parcel number 4423-017-024*) and the northern edge of North Swarthmore Avenue, (*parcel numbers 4423-022-079 and 080*) will include the northern most parcels within the boundaries of the renewed district.

Parcels and land uses north of the northern boundary are residential. The Property and Business Improvement District Law of 1994, California Streets & Highway Code § 36632 states, “*Properties zoned solely for residential use, or that are zoned for agricultural use, are conclusively presumed not to benefit from the improvements and service funded through these assessments and shall not*

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*be subject to any assessment pursuant to this part.*” Thus, no parcels north of the northern boundary are included in the PPBID.

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

### Eastern Boundary

The eastern boundary of the renewed PBID is at the intersection of Carey Street and Embury Street (*parcel number 4423-017-026*) running southward from that parcel including the parcels on the west side of Carey Street to the intersection of Carey Street and Alma Real Drive (*parcel number 4412-009-014*).

Parcels and land uses east of the eastern boundary are government, non-profit and residential. The Property and Business Improvement District Law of 1994, California Streets & Highway Code § 36632 states, *“Properties zoned solely for residential use, or that are zoned for agricultural use, are conclusively presumed not to benefit from the improvements and service funded through these assessments and shall not be subject to any assessment pursuant to this part.”* Thus, no parcels east of the eastern boundary are included in the PPBID.

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

### Southern Boundary

The southern boundary of the renewed PBID is defined by a non-contiguous series of parcels. The southern boundary begins at the southwestern parcel at the intersection of Carey Street and Alma Real Drive (*parcel number 4412-009-014*), then runs westward to the northeastern parcel at the intersection of North Swarthmore Avenue and Bowdoin Street (*parcel number 4412-009-801*) then continuing northward including the parcels on the eastern side of North Swarthmore Avenue to the northern boundary of the Pacific Palisades Elementary Charter School, continuing southward to the southernmost parcel between Via de la Paz and Bowdoin Streets, (*parcel number 4412-004-025*).

Parcels and land uses south of the southern boundary are government, non-profit and residential. The Property and Business Improvement District Law of 1994, California Streets & Highway Code § 36632 states, *“Properties zoned solely for residential use, or that are zoned for agricultural use, are conclusively presumed not to benefit from the improvements and service funded through these assessments and shall not be subject to any assessment pursuant to this part.”* Thus, no parcels south of the southern boundary are included in the PPBID.

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

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### Western Boundary

The western boundary of the renewed PBID is at the far western side of Sunset Boulevard and will include the two westernmost parcels which terminate the business district including parcels 4422-022-015 on the north side and parcel number 4412-001-017 on the south side of Sunset Boulevard. The western boundary then continues eastward along W. Antioch Street and includes all the parcels on the eastern side of Bowdoin Street from parcel 4412-004-015 running southward to parcel number 4412-004-025.

Parcels and land uses west of the western boundary are government, non-profit and residential. The Property and Business Improvement District Law of 1994, California Streets & Highway Code § 36632 states, *“Properties zoned solely for residential use, or that are zoned for agricultural use, are conclusively presumed not to benefit from the improvements and service funded through these assessments and shall not be subject to any assessment pursuant to this part.”* Thus, no parcels west of the western boundary are included in the PPBID

In order to ensure that parcels west of the western boundary will not specially benefit from PPBID funded services and improvements, no PPBID services and improvements will be provided west of the western boundary, only east of the western boundary within the PPBID boundaries.

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

All identified assessed parcels within the above-described boundaries shall be assessed to fund supplemental special benefit programs, services and improvements as outlined in this Report and in the Management District Plan. All PPBID funded services, programs and improvements provided within the above described boundaries shall confer special benefit to identified assessed parcels inside the PPBID boundaries and none will be provided outside of the PPBID. Each assessed parcel within the PPBID will proportionately specially benefit from the PPBID funded programs and services (i.e. sidewalk operations, district identity/placemaking and administration). These services, programs and improvements are intended to improve commerce, employment, rents and occupancy rates and investment viability of individually assessed parcels and businesses on them within the PPBID. The PPBID confers special benefits on each and every individually assessed parcel by reducing litter and debris, improving aesthetics and marketing goods and services available from assessed parcels and the businesses on them within the PPBID, all considered necessary in a competitive properly managed business district. All PPBID 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 PPBID.

The PPBID includes 69 parcels, all of which are identified as assessable within one Benefit Zone and which are listed in the Assessment Roll included as Appendix 1. The PPBID Boundary Map is included as Appendix 2.

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**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 PPBID that will receive special benefits from PPBID funded programs and services are currently a mix of retail, service, office, grocery, restaurant and auto service. Services, programs and improvements provided and funded by the PPBID (i.e. sidewalk operations, district identity/placemaking and administration) are primarily designed to provide special benefits to identified assessed parcels and the array of land uses within the boundaries of the PPBID as described in the Work Plan Details starting on page 11 of this Report.

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

#### **Year 1 – 2021 PPBID Special Benefit Budget (Assessment Revenue Only)**

| <b>Sidewalk Operations</b> | <b>District Identity</b> | <b>Administration</b> | <b>TOTAL</b> |
|----------------------------|--------------------------|-----------------------|--------------|
| 69.7323%                   | 9.8678%                  | 20.4000%              | 100.00%      |
| \$106,000                  | \$15,000                 | \$31,010              | \$152,010    |

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

In the case of the PPBID, the very nature of the purpose of this PPBID is to fund supplemental programs, services and improvements to assessed parcels within the PPBID 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 PPBID are for services, programs and improvements directly

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benefiting each individual assessed parcel within the PPBID. No PPBID funded services, activities or programs will be provided outside of the PPBID boundaries.

While every attempt is made to provide PPBID services and programs to confer benefits only to those identified assessed parcels within the PPBID, 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 PPBID, or “spillover” onto parcels surrounding the PPBID, or to the public at large who might be passing through the PPBID with no intention of transacting business within the PPBID or interest in the PPBID 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 XIID Section 4(b) of the California Constitution) have used Method #3, the composite district overlay determinant method which will be used for the PPBID. 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 PPBID, general benefit to the public at large within the PPBID and general benefit to parcels outside the PPBID.

### General Benefit – Assessed Parcels within PPBID

PPBID funded programs are narrowly designed and carefully implemented to specially benefit the assessed PPBID parcels and are only provided for the special benefit to each and every assessed parcel within the PPBID. 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 PPBID are distinct and special but in the case of the PPBID, 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 PPBID funded programs and services are specially geared to the unique needs of each assessed parcel within the PPBID and are directed specially only to these assessed parcels within the PPBID. This concept is further reinforced by the proportionality of special benefits conferred on each assessed parcel within the PPBID as determined by the special benefit assessment formula as it is applied to the unique and varying property characteristics of each assessed parcel. The computed 0.25% general benefit value on assessed parcels within the PPBID equates to \$380 or  $(.25\% \times \$152,010)$ .

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### General Benefit – Public At Large

While the PPBID funded programs are narrowly designed and carefully implemented to specially benefit the assessed PPBID properties and are only provided for the special benefit to each and every assessed parcel within the PPBID, these PPBID funded programs may also provide an incidental general benefit to the public at large within the PPBID. Assessment Engineering experience in California has found that generally well over 95% of people moving about within PPBID boundaries are engaged in business related to assessed parcels and businesses contained on them within the PPBID, 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 PPBID 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 PPBID funded special benefit program elements that might provide an immediate general benefit to the public at large are as shown in the Table below. These factors are applied to each program element costs in order to compute the dollar and percent value of general benefits to the public at large. The total dollar value of this general benefit type equates to \$1,290 as delineated in the following Table:

#### **GENERAL BENEFITS TO “PUBLIC AT LARGE”**

|                        | <b>A</b>                 | <b>B</b>                       | <b>C</b>                      | <b>E</b>                             |
|------------------------|--------------------------|--------------------------------|-------------------------------|--------------------------------------|
| <b>Program Element</b> | <b>Dollar Allocation</b> | <b>General Benefit Percent</b> | <b>General Benefit Factor</b> | <b>General Benefit Value (A x C)</b> |
| SIDEWALK OPERATIONS    | \$106,000                | 1.00%                          | 0.0100                        | \$1,060                              |
| DISTRICT IDENTITY      | \$15,000                 | 0.50%                          | 0.0050                        | \$75                                 |
| ADMINISTRATION         | <u>\$31,010</u>          | 0.50%                          | 0.0050                        | <u>\$155</u>                         |
| Total                  | \$152,010                |                                |                               | \$1,290                              |

### Spillover General Benefits to Parcels Outside of PPBID

While PPBID programs and services will not be provided directly to parcels outside the PPBID boundaries, it is reasonable to conclude that PPBID services may confer an indirect general benefit on parcels immediately adjacent to the PPBID boundaries. An inventory of the PPBID boundaries finds that the PPBID is surrounded by 54 parcels with commercial uses. Of these 54 parcels, 9 are government and non-profit uses (i.e. churches, private schools etc.) and 45 are zoned residential and/or with residential uses.

The 54 parcels outside the PPBID boundaries adjacent to or across streets or alleys from assessed parcels within the PPBID can reasonably be assumed to receive some indirect general benefit as a result of PPBID 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 69 identified assessed parcels within the PPBID; a benefit factor of 0.02 be attributed to general benefits conferred on the 9 government and non-profit used parcels adjacent to or across a street or alley from the proposed renewed PPBID and a benefit factor of 0.01 be attributed to general benefits conferred on the 45 residential

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used/zoned parcels adjacent to or across a street or alley from the proposed renewed PPBID. The cumulative dollar value of this general benefit type equates to \$1,388 (\$397 + \$991) as delineated in the Table below.

### **“Spillover” General Benefits**

| Parcel Type                        | Quantity | Benefit Factor | Benefit Units | Benefit Percent | Benefit Value |
|------------------------------------|----------|----------------|---------------|-----------------|---------------|
| Assessed Parcels Within BID        | 69       | 1.00           | 69.00         | 99.0952%        | \$152,010     |
| Gov/Non-Profit Parcels Out         | 9        | 0.02           | 0.18          | 0.2585%         | \$397         |
| Residential Zoned/Used Parcels Out | 45       | 0.01           | 0.45          | <u>0.6463%</u>  | <u>\$991</u>  |
| TOTAL                              |          |                | 69.63         | 100.00%         | \$153,398     |

### **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 PPBID, the public at large and parcels outside the PPBID equates to \$3,058 (\$380 + \$1,290 + \$1,388) or 1.972%. The composite general benefit factor of 1.972% will be conservatively rounded up to 2% or \$3,102. This leaves a value of 98% assigned to special benefits. The general benefit value of \$3,102 when added to the special benefit value of \$152,010 (Year 1 – 2021 assessments) equates to a total adjusted Year 1 – 2021 benefit value of \$155,112. Remaining costs that are attributed to general benefits, will need to be derived from other sources.

The program special benefit allocations of the PPBID assessment revenues for Year 1 (2021) are shown in the Table on page 15 of this Report. The projected program special benefit allocations of the PPBID assessment revenues for the 10-year PPBID term, assuming a 5% maximum annual assessment rate increase, are shown in the Table on page 16 of this Report.

A breakdown of projected special and general benefits for each year of the 10-year renewal term, assuming a 5% maximum annual assessment rate increase is shown in the following Table:

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

| YR |      | PROGRAM CATEGORY    | SPECIAL BENEFITS | GENERAL BENEFIT | TOTAL BENEFITS  | % OF TOTAL      |
|----|------|---------------------|------------------|-----------------|-----------------|-----------------|
| 1  | 2021 | SIDEWALK OPERATIONS | \$106,000        | \$2,163         | \$108,163       | 69.7323%        |
|    |      | DISTRICT IDENTITY   | \$15,000         | \$306           | \$15,306        | 9.8678%         |
|    |      | ADMINISTRATION      | <u>\$31,010</u>  | <u>\$633</u>    | <u>\$31,643</u> | <u>20.4000%</u> |
|    |      | TOTAL               | \$152,010        | \$3,102         | \$155,112       | 100.00%         |
|    |      |                     |                  |                 |                 |                 |
| 2  | 2022 | SIDEWALK OPERATIONS | \$111,300        | \$2,271         | \$113,571       | 69.7323%        |

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|    |      |                     |                 |              |                 |                 |
|----|------|---------------------|-----------------|--------------|-----------------|-----------------|
|    |      | DISTRICT IDENTITY   | \$15,750        | \$321        | \$16,071        | 9.8678%         |
|    |      | ADMINISTRATION      | <u>\$32,561</u> | <u>\$665</u> | <u>\$33,226</u> | <u>20.4000%</u> |
|    |      | TOTAL               | \$159,611       | \$3,257      | \$162,868       | 100.00%         |
|    |      |                     |                 |              |                 |                 |
| 3  | 2023 | SIDEWALK OPERATIONS | \$116,865       | \$2,385      | \$119,250       | 69.7323%        |
|    |      | DISTRICT IDENTITY   | \$16,538        | \$337        | \$16,875        | 9.8678%         |
|    |      | ADMINISTRATION      | <u>\$34,189</u> | <u>\$698</u> | <u>\$34,887</u> | <u>20.4000%</u> |
|    |      | TOTAL               | \$167,592       | \$3,420      | \$171,012       | 100.00%         |
|    |      |                     |                 |              |                 |                 |
| 4  | 2024 | SIDEWALK OPERATIONS | \$122,708       | \$2,504      | \$125,212       | 69.7323%        |
|    |      | DISTRICT IDENTITY   | \$17,365        | \$354        | \$17,719        | 9.8678%         |
|    |      | ADMINISTRATION      | <u>\$35,898</u> | <u>\$733</u> | <u>\$36,631</u> | <u>20.4000%</u> |
|    |      | TOTAL               | \$175,971       | \$3,591      | \$179,562       | 100.00%         |
|    |      |                     |                 |              |                 |                 |
| 5  | 2025 | SIDEWALK OPERATIONS | \$128,843       | \$2,629      | \$131,472       | 69.7323%        |
|    |      | DISTRICT IDENTITY   | \$18,233        | \$372        | \$18,605        | 9.8678%         |
|    |      | ADMINISTRATION      | <u>\$37,693</u> | <u>\$770</u> | <u>\$38,463</u> | <u>20.4000%</u> |
|    |      | TOTAL               | \$184,769       | \$3,771      | \$188,540       | 100.00%         |
|    |      |                     |                 |              |                 |                 |
| 6  | 2026 | SIDEWALK OPERATIONS | \$135,285       | \$2,760      | \$138,045       | 69.7323%        |
|    |      | DISTRICT IDENTITY   | \$19,145        | \$391        | \$19,536        | 9.8678%         |
|    |      | ADMINISTRATION      | <u>\$39,578</u> | <u>\$809</u> | <u>\$40,387</u> | <u>20.4000%</u> |
|    |      | TOTAL               | \$194,008       | \$3,960      | \$197,968       | 100.00%         |
|    |      |                     |                 |              |                 |                 |
| 7  | 2027 | SIDEWALK OPERATIONS | \$142,049       | \$2,898      | \$144,947       | 69.7323%        |
|    |      | DISTRICT IDENTITY   | \$20,102        | \$411        | \$20,513        | 9.8678%         |
|    |      | ADMINISTRATION      | <u>\$41,557</u> | <u>\$849</u> | <u>\$42,406</u> | <u>20.4000%</u> |
|    |      | TOTAL               | \$203,708       | \$4,158      | \$207,866       | 100.00%         |
|    |      |                     |                 |              |                 |                 |
| 8  | 2028 | SIDEWALK OPERATIONS | \$149,151       | \$3,043      | \$152,194       | 69.7323%        |
|    |      | DISTRICT IDENTITY   | \$21,107        | \$432        | \$21,539        | 9.8678%         |
|    |      | ADMINISTRATION      | <u>\$43,635</u> | <u>\$891</u> | <u>\$44,526</u> | <u>20.4000%</u> |
|    |      | TOTAL               | \$213,893       | \$4,366      | \$218,259       | 100.00%         |
|    |      |                     |                 |              |                 |                 |
| 9  | 2029 | SIDEWALK OPERATIONS | \$156,609       | \$3,195      | \$159,804       | 69.7323%        |
|    |      | DISTRICT IDENTITY   | \$22,162        | \$454        | \$22,616        | 9.8678%         |
|    |      | ADMINISTRATION      | <u>\$45,817</u> | <u>\$936</u> | <u>\$46,753</u> | <u>20.4000%</u> |
|    |      | TOTAL               | \$224,588       | \$4,585      | \$229,173       | 100.00%         |
|    |      |                     |                 |              |                 |                 |
| 10 | 2030 | SIDEWALK OPERATIONS | \$164,439       | \$3,355      | \$167,794       | 69.7323%        |

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|  |  |                   |           |         |           |          |
|--|--|-------------------|-----------|---------|-----------|----------|
|  |  | DISTRICT IDENTITY | \$23,270  | \$477   | \$23,747  | 9.8678%  |
|  |  | ADMINISTRATION    | \$48,108  | \$983   | \$49,091  | 20.4000% |
|  |  | TOTAL             | \$235,817 | \$4,815 | \$240,632 | 100.00%  |

### **DISTRICT WORK PLAN**

#### **Overview**

The Programs and activities to be funded by the PPBID include sidewalk operations, district identity/placemaking and administration. The property uses within the boundaries of the PPBID that will receive special benefits from PPBID funded programs, services and improvements are currently a unique mix of retail, service, office, grocery, restaurant and auto service. PPBID funded activities are primarily designed to provide special benefits as described below to identified assessed parcels within the boundaries of the PPBID.

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

In the case of the PPBID, the very nature of the purpose of the PPBID is to fund supplemental programs, services and improvements to assessed parcels within the PPBID boundaries above and beyond the base line services provided by the City of Los Angeles. The City of Los Angeles does not provide these supplemental programs and services. All benefits derived from the assessments to be levied on assessed parcels within the PPBID are for services, programs and improvements directly benefiting each individual assessed parcel within the PPBID. No PPBID funded services, activities or programs will be provided outside of the PPBID boundaries.

The program special benefit allocations of the PPBID assessment revenues for Year 1 (2021) are shown in the Table on page 15 of this Report. The projected program special benefit allocations of the PPBID assessment revenues for the 10-year PPBID term, assuming a 5% maximum annual assessment rate increase, are shown in the Table on page 16 of this Report.

### **WORK PLAN DETAILS**

The services to be provided by the PPBID are all designed to contribute to the cohesive commercial fabric and to ensure economic success and vitality of the PPBID. The assessed parcels in the PPBID will specially benefit from the PPBID programs in the form of increasing commerce and improving economic success and vitality through meeting the PPBID Goals: to improve sanitation, beautification, landscaping, and to attract and retain businesses and services, and ultimately to increase commerce and improve the economic viability of each individual assessed parcel.

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

### **1) Sidewalk Operations**                      \$108,163 (Special and General Benefits)

Sidewalk Operations is a term to define the cleanliness of the sidewalks in the renewed PPBID. Sidewalk Operations special benefit services include but are not limited to a landscaping, sanitation and a beautification work plan component encompassing services, personnel, trash disposal, sidewalk cleaning, graffiti removal and tree planting/care and trimming.

- Sidewalk cleaning entails periodic pressure washing of all sidewalks throughout the District at a frequency determined by the Owners’ Association.
- Landscaping services includes landscaping care and weed removal services throughout the entire District at the discretion of the property owners, at a frequency determined by the Owners’ Association.
- Sanitation personnel will work on a regular basis sweeping up trash and litter from the sidewalks and gutters of the District at a frequency determined by the Owners’ Association.
- Graffiti removal entails receiving reports of and then quick removal of graffiti throughout the District.

The goal of the Sidewalk Operations work plan component is to ensure that the frontage for all identified assessed parcels are clean and litter free thereby creating an attractive District for the special benefit of each and every assessed District parcel. These supplemental services will assist in creating a clean and orderly environment for the special benefit of each assessed parcel in the District. An unclean, unkept 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, office, grocery, restaurant, offices, parking, auto service), 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 PPBID boundaries. Each assessed parcel will specially benefit from the Sidewalk Operations programs which will only be provided to, and for the direct benefit of, each identified assessed parcel within the District boundaries.

### **2) District Identity/Placemaking**                      \$15,306 (Special and General Benefits)

The District Identity/Placemaking component of the Special Benefits services strive to build and improve the identity of the “Pacific Palisades” district. The District Identity and Placemaking services would include, but not be limited to:

- Creating a new logo to brand the district.
- Maintaining and updating the website to promote available retail opportunities, identify properties for lease or for sale and promote the new programs that the PBID will fund.

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- Fund and install holiday decoration and banners.
- Other programs that bring a positive light to the Pacific Palisades Boulevard PBID to benefit the individual parcel owners in the district.

The District Identity and Placemaking component is designed to promote the image of Pacific Palisades Boulevard PPBID attract and increase pedestrian traffic. This program helps meet the goals of business and service attraction and retention and increased commerce.

The Owners’ Association will continue to use its website to promote the assessed PPBID parcels in an effort to increase awareness of the District as a destination for consumers and tenants and increase occupancy and commerce on the assessed parcels. The website is designed to provide visitors information about the renewed Pacific Palisades PBID and comply with the open meetings and records provisions of the Brown Act.

### 3) **Administration**                      \$31,643 (Special and General Benefits)

“Administration” includes the cost of personnel to oversee implementation of the Management District Plan (and this Report) and the various programs, services and improvement projects delineated in the Plan (and this Report) during the PPBID’s 10-year term. This element also includes oversight of the Owners’ Association’s compliance with the terms of its contract with the City.

Administration also includes the costs associated with a PPBID management operation such as other professional services (e.g. legal, accounting, insurance), printing, postage, supplies, production of the Annual Planning Report and Budget and quarterly reports and participation in professional peer/best practice forums such as the LA BID Consortium, the California Downtown Association or the International Downtown Association; City and/or County fees associated with their oversight and implementation of the PPBID; implementation of the Management District Plan and the Engineer’s Report; City fees to collect and process the assessments, delinquencies and non-payments. A percent of the budget is held in reserve to offset delinquent and/or slow payment from both public and private properties. This component also funds the expenses charged by the City of Los Angeles and County of Los Angeles for collection and distribution of PPBID revenue; and, Other unanticipated costs related to the compliance of the Management District Plan and Engineer’s Report.

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

In summary, all PPBID funded services, programs and improvements described above confer special benefits to identified assessed parcels inside the PPBID boundaries and none will be provided outside of the PPBID. Each assessed parcel within the PPBID will proportionately specially benefit from sidewalk

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operations, district identity/placemaking and administration. These services, programs and improvements are intended to improve commerce, employment, rents, occupancy rates and investment viability of assessed parcels within the PPBID by reducing litter and debris, making capital improvements and professionally marketing goods, services and spaces available within the PPBID, all considered necessary in a competitive properly managed contemporary business district. All PPBID funded services programs and improvements are considered supplemental, above normal base level services provided by the City of Los Angeles and are only provided for the special benefit of each and every assessed parcel within the boundaries of the PPBID.

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### **WORK PLAN BUDGET**

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

**PPBID Year 1 (2021) Special Benefit Assessment Budget**

| <b>Sidewalk<br/>Operations</b> | <b>District<br/>Identity</b> | <b>Administration</b> | <b>TOTAL</b> |
|--------------------------------|------------------------------|-----------------------|--------------|
| 69.7323%                       | 9.8678%                      | 20.4000%              | 100.00%      |
| \$106,000                      | \$15,000                     | \$31,010              | \$152,010    |

In order to carry out the PPBID programs outlined in the previous section, a Year 1 assessment budget of \$152,010 is projected. Since the PPBID is planned for a 10-year term, projected program costs for future years (Years 2-10) are set at the inception of the PPBID. 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 10-year PPBID term. Carryovers, if any, may be reapportioned the following year for related programs, services and improvements in accordance with City policy. 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.

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 each year.

It is recognized that market conditions may cause the cost of providing goods and services to fluctuate from year to year during the 10-year term of the proposed renewed PPBID. Accordingly, the Owners’ Association shall have the ability to reallocate up to 10% of any budget line item, within the budget categories, based on such cost fluctuations subject to the review and approval by the Owners’ Association Board and in accordance with City policy. Such reallocation will be included in the Annual Planning Report for the approval by the Los Angeles City Council pursuant to the Streets and Highways Code Section 36650. Any accrued interest or delinquent payments may be expended in any budget category in accordance with City policy.

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A 10-year projected PPBID budget is shown in the following Table:

### **YEAR 1-10 PROJECTED DISTRICT ASSESSMENT BUDGET SUMMARY (Special Benefits)**

(Assumes 5% max rate increase per year)

| <b>YEAR</b> |             | <b>Sidewalk<br/>Operations</b> | <b>District Identity</b> | <b>Administration</b> | <b>TOTAL</b> |
|-------------|-------------|--------------------------------|--------------------------|-----------------------|--------------|
|             |             | 69.7323%                       | 9.8678%                  | 20.4000%              | 100%         |
| <b>1</b>    | <b>2021</b> | \$106,000                      | \$15,000                 | \$31,010              | \$152,010    |
| <b>2</b>    | <b>2022</b> | \$111,300                      | \$15,750                 | \$32,561              | \$159,611    |
| <b>3</b>    | <b>2023</b> | \$116,865                      | \$16,538                 | \$34,189              | \$167,592    |
| <b>4</b>    | <b>2024</b> | \$122,708                      | \$17,365                 | \$35,898              | \$175,971    |
| <b>5</b>    | <b>2025</b> | \$128,843                      | \$18,233                 | \$37,693              | \$184,769    |
| <b>6</b>    | <b>2026</b> | \$135,285                      | \$19,145                 | \$39,578              | \$194,008    |
| <b>7</b>    | <b>2027</b> | \$142,049                      | \$20,102                 | \$41,557              | \$203,708    |
| <b>8</b>    | <b>2028</b> | \$149,151                      | \$21,107                 | \$43,635              | \$213,893    |
| <b>9</b>    | <b>2029</b> | \$156,609                      | \$22,162                 | \$45,817              | \$224,588    |
| <b>10</b>   | <b>2030</b> | \$164,439                      | \$23,270                 | \$48,108              | \$235,817    |

The PPBID assessments may increase for each individual parcel each year during the 10-year effective operating period, but not to exceed 5% per year, commensurate to special benefits received by each assessed parcel, and must be approved by the Owners’ Association Board of Directors, included in the Annual Planning Report and adopted by the City of Los Angeles City Council. Any accrued interest and delinquent payments will be expended within the budgeted categories in accordance with City policy. The Owners’ Association Board of Directors (“Property Owner’s Association of the PPBID) 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 PPBID operates at a time determined in the Administration Contract held between the Owners’ Association and the City of Los Angeles. No bonds are to be issued in conjunction with the proposed renewed PPBID.

Pursuant to Section 36671 of the Streets and Highways Code, any funds remaining after the 10th year of operation will be rolled over into the renewal budget or returned to stakeholders. PPBID assessment funds may be used to pay for costs related to the following PPBID renewal term. If the PPBID 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 renewed PPBID (i.e. sidewalk operations, district identity/placemaking, and administration). It is the opinion of this Assessment Engineer that the assessment factors on which to base assessment rates relate directly to the proportionate amount of building area, land area and street frontage within one Benefit Zone.

The calculated assessment rates are applied to the actual measured parameters of each parcel and thereby are proportional to each and every other identified assessed parcel within the district as a whole. Larger buildings/parcels and/or ones with larger frontages are expected to impact the demand for services and programs to a greater extent than smaller building/land areas and/or street frontages and thus, are assigned a greater proportionate degree of assessment program and service costs. The proportionality is further achieved by setting targeted formula component weights for the respective parcel by parcel identified property attributes.

The proportionate special benefit 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 renewed PPBID, they are also considerably less than other options considered by the PPBID Renewal Committee. The actual assessment rates for each parcel within the PPBID directly relate to the level of service and, in turn, special benefit to be conferred on each parcel based on the respective building area, land area and street frontage of each parcel within one Benefit Zone.

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

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

There are two publicly owned parcels within the District, each of which are identified as assessable and for which special benefit services will be provided. All identified publicly owned assessed parcels are

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owned by the City of Los Angeles and Los Angeles City Department of Water and Power. Each of these City owned parcels will directly receive and proportionately specially benefit from improved Sidewalk Operations, District Identity, and Administration. These identified assessed publicly owned parcels/facilities will specially benefit from District funded programs and services from cleaner and safer facility entrances and street frontages.

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

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

### Publicly Owned Parcels

| APN          | PUBLIC AGENCY OWNER            | SITE ADDRESS | YEAR 1 ASSESSMENT | % of TOTAL   |
|--------------|--------------------------------|--------------|-------------------|--------------|
| 4412-002-900 | LA CITY                        | Sunset Blvd. | \$675.00          | 0.44%        |
|              |                                |              |                   |              |
| 4423-016-900 | LA City Dept. of Water & Power | Sunset Blvd. | \$1,678.10        | 1.10%        |
|              |                                |              |                   |              |
|              | <b>PUBLIC PARCEL TOTAL</b>     |              | <b>\$2,353.10</b> | <b>1.54%</b> |

**Finding 6. From Section 4(b): “All assessments must be supported by a detailed engineer’s report prepared by a registered professional engineer certified by the State of California”.**

This report serves as the “detailed engineer’s report” to support the benefit property assessments proposed to be levied within the proposed renewed PPBID.

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

The individual and total parcel assessments attributable to special property benefits are shown in Appendix 1 to the Management District Plan and this Report. The proposed renewed PPBID and resultant assessment levies will continue for 10-years and may be renewed again at that time. The reasons (purposes) for the proposed assessments are outlined in Finding 2 above as well as in the Management District Plan. The calculation basis of the proposed assessment is attributed to building area, land area and street frontage.

**Assessment Formula Methodology**

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

**Background - Assessment Formula Development**

The method used to determine special benefits derived by each identified assessed property within a BID begins with the selection of a suitable and tangible basic benefit unit. For property related services, such as those proposed in the PPBID, the benefit unit may be measured in linear feet of street frontage or parcel size in square feet or building size in square feet or any combination of these factors. Factor quantities for each parcel are then measured or otherwise ascertained. From these figures, the amount of benefit units to be assigned to each property can be calculated. Special circumstances such as unique geography, land uses, development constraints etc. are carefully reviewed relative to specific programs and improvements to be funded by a BID in order to determine any levels of different benefit that may apply on a parcel-by-parcel or categorical basis.

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

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

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

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

## PACIFIC PALISADES PBID – ASSESSMENT ENGINEER’S REPORT

### PPBID Assessment Formula

Based on the specific needs and corresponding nature of the program activities to be funded by the proposed renewed PPBID (i.e. marketing, streetscape services, program management and operations) it is the opinion of this Assessment Engineer that the assessment factors on which to base assessment rates relate directly to the proportionate amount of building area, land area and street frontage within one Benefit Zone.

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

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

Building area is a direct measure of the static utilization of each parcel and its corresponding impact or draw on PPBID funded activities such as marketing and streetscape services/improvements. In the opinion of this Assessment Engineer, the targeted weight of this factor, building area, should generate approximately 40% of the total PPBID revenue (37.060252% when adjusted for precise parcel measurements and program costs and service levels).

Land area is a direct measure of the current and future development capacity of each parcel and its corresponding impact or draw on PPBID funded activities. In the opinion of this Assessment Engineer, the targeted weight of this factor, land area, should generate approximately 30% of the total PPBID revenue (30.669163% when adjusted for precise parcel measurements and program costs and service levels).

Street frontage is a direct measure of the static utilization of each parcel and its corresponding impact or draw on PPBID funded activities, many of which are linear in nature (i.e. streetscape services). In the opinion of this Assessment Engineer, the targeted weight of this factor, street frontage, should generate approximately 30% of the total PPBID revenue (32.270585 % when adjusted for precise parcel measurements and program costs and service levels. It is note that only Ventura Boulevard facing street frontage will be assessed since PPBID services are only provided along this frontage and none on side or secondary street frontages.

## PACIFIC PALISADES PBID – ASSESSMENT ENGINEER’S REPORT

### **Step 2. Quantify Total Basic Benefit Units**

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

**Year 1 – 2021 - Assessable Benefit Units**

| <b>BLDG AREA<br/>(SF)</b> | <b>LAND AREA<br/>(SF)</b> | <b>STREET<br/>FRONTAGE<br/>(LF)</b> | <b># OF<br/>PARCELS</b> | <b># OF<br/>ASSESSABLE<br/>PARCELS</b> |
|---------------------------|---------------------------|-------------------------------------|-------------------------|----------------------------------------|
| 771,716                   | 1,036,004                 | 10,901                              | 69                      | 69                                     |

**Year 1 – 2021 - Projected Assessment Revenue**

| <b>BLDG AREA<br/>ASSMT<br/>REVENUE</b> | <b>LAND AREA<br/>ASSMT<br/>REVENUE</b> | <b>STREET<br/>FRONTAGE<br/>ASSMT<br/>REVENUE</b> | <b>SUBTOTAL<br/>ASSMT<br/>REVENUE</b> |
|----------------------------------------|----------------------------------------|--------------------------------------------------|---------------------------------------|
| \$56,335.27                            | \$46,620.18                            | \$49,054.50                                      | \$152,009.95                          |
| 37.060252%                             | 30.669163%                             | 32.270585%                                       | 100.00%                               |

### **Step 3. Calculate Benefit Units for Each Property.**

The number of Benefit Units for each identified benefiting parcel within the proposed renewed PPBID was computed from data extracted from County Assessor records and maps. These data sources delineate current land uses, property areas and dimensions of record for each tax parcel. While it is understood that 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 PPBID for their review. If a property owner believes there is an error on a parcel’s assessed footages, the PPBID may confirm the data with the LA County Assessor’s office. If PPBID data matches Assessor’s data, the property owner may opt to work with the Assessor’s office to correct the data so that the PPBID assessment may be corrected.

### **Step 4. Determine Assessment Formula**

In the opinion of this Assessment Engineer the assessment formula for the proposed renewed PPBID 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

# PACIFIC PALISADES PBID – ASSESSMENT ENGINEER’S REPORT

## YEAR 1 –2021 Assessment Rates

| <b>BLDG AREA ASSMT<br/>RATE (\$/SQ FT)</b> | <b>LAND AREA ASSMT<br/>RATE (\$/SQ FT)</b> | <b>STREET FRONTAGE<br/>ASSMT RATE (\$/LF)</b> |
|--------------------------------------------|--------------------------------------------|-----------------------------------------------|
| \$0.0730                                   | \$0.045                                    | \$4.50                                        |

### ***Changes to Building or Parcel Size***

Any changes in building size, parcel size and street frontage(s) as a result of new construction, demolition, land adjustments including but not limited to lot splits, consolidations, subdivisions, street dedications, right of way setbacks shall have their assessment adjusted upon final City approval of such building and/or parcel adjustments.

### ***Other Future Development***

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

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

### **Assessment Formula Unit Rates**

Using figures from the Assessable Benefit Units Table and the Projected Assessment Revenue Table on page 21 of this Report, the assessment rates and weighted multipliers for each factor are calculated as follows:

#### Building Area Rate (Unit A)

$$(\$152,009.95 \times 37.060252\%) / 771,716 \text{ units} = \$0.073/\text{sq ft land area}$$

#### Land Area Rate (Unit B)

$$(\$152,009.95 \times 30.669163\%) / 1,036,004 \text{ units} = \$0.045/\text{sq ft land area}$$

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

$$(\$152,009.95 \times 32.270585\%) / 10,901 \text{ units} = \$4.50/\text{lin ft street frontage}$$

## PACIFIC PALISADES PBID – ASSESSMENT ENGINEER’S REPORT

### **Step 5. Estimate Total PPBID Costs**

The total projected 10-year special benefit costs for 2021-2030 of the PPBID are shown in the Table on page 16 of this Report assuming a maximum increase per year, commensurate to special benefits received by each assessed parcel.

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

Total Year 1 total benefits are estimated at \$155,112. General benefits are factored at 2% of the total benefits (see Finding 2 beginning on page 6 of this Report) with special benefits set at 98%. Article XIID Section 4(b) of the California Constitution limits the levy of property assessments to costs attributed to special benefits only. The 2% general benefit is computed to be \$3,102 with a resultant 98% special benefit limit computed at \$152,010. Based on current property data and land uses, this is the maximum amount of Year 1 (2021) revenue that can be derived from property assessments from the PPBID.

All program costs associated with general benefits will be derived from sources other than PPBID assessments as shown in the following Table:

#### **Special and General Benefit Revenue Sources**

| Revenue Source             | Revenue          | % of Total    |
|----------------------------|------------------|---------------|
| Special: PPBID Assessments | \$152,010        | 98%           |
| General: Other             | \$3,102          | 2%            |
| <b>TOTAL</b>               | <b>\$155,112</b> | <b>100.0%</b> |

### **Step 7. Calculate “Basic Unit Cost”**

With a YR 1 - 2021 assessment revenue portion of the budget set at \$152,010 (special benefit only), the Basic Unit Costs (rates) are shown earlier in Step 4. Since the PPBID is proposed to be renewed for a 10 - year term, maximum assessments for future years (2022-2030) must be set at the inception of the proposed renewed PPBID. 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 PPBID Property Owner’s Association. The maximum assessment rates for the 10-year proposed renewed PPBID term of 2021-2030 are shown in the Table below. The assessment rates listed constitute the maximum assessment rates that may be imposed for each year of the proposed renewed PPBID term (2021-2030).

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

# PACIFIC PALISADES PBID – ASSESSMENT ENGINEER’S REPORT

## PPBID – 10 Year Maximum Assessment Rates (Includes a 5%/Yr. Max Increase)

| BLDG AREA ASSMT<br>RATE (\$/SQ FT) | LAND AREA<br>ASSMT RATE<br>(\$/SQ FT) | STREET FRONTAGE<br>ASSMT RATE (\$/LF) |
|------------------------------------|---------------------------------------|---------------------------------------|
| <u>YR 1 - 2021</u>                 |                                       |                                       |
| \$0.0730                           | \$0.0450                              | \$4.5000                              |
|                                    |                                       |                                       |
| <u>YR 2 - 2022</u>                 |                                       |                                       |
| \$0.0767                           | \$0.0473                              | \$4.7250                              |
|                                    |                                       |                                       |
| <u>YR 3 - 2023</u>                 |                                       |                                       |
| \$0.0805                           | \$0.0497                              | \$4.9613                              |
|                                    |                                       |                                       |
| <u>YR 4 - 2024</u>                 |                                       |                                       |
| \$0.0845                           | \$0.0522                              | \$5.2094                              |
|                                    |                                       |                                       |
| <u>YR 5 - 2025</u>                 |                                       |                                       |
| \$0.0887                           | \$0.0548                              | \$5.4699                              |
|                                    |                                       |                                       |
| <u>YR 6 - 2026</u>                 |                                       |                                       |
| \$0.0931                           | \$0.0575                              | \$5.7434                              |
|                                    |                                       |                                       |
| <u>YR 7 - 2027</u>                 |                                       |                                       |
| \$0.0978                           | \$0.0604                              | \$6.0306                              |
|                                    |                                       |                                       |
| <u>YR 8 - 2028</u>                 |                                       |                                       |
| \$0.1027                           | \$0.0634                              | \$6.3321                              |
|                                    |                                       |                                       |
| <u>YR 9 - 2029</u>                 |                                       |                                       |
| \$0.1078                           | \$0.0666                              | \$6.6487                              |
|                                    |                                       |                                       |
| <u>YR 10 - 2030</u>                |                                       |                                       |
| \$0.1132                           | \$0.0699                              | \$6.9811                              |

### SAMPLE ASSESSMENT CALCULATION:

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

|                                |                      |                     |
|--------------------------------|----------------------|---------------------|
| Building                       | = 15,000 x 7.3¢/SF   | = \$1,095.00        |
| Land                           | = 20,000 x 4.5¢/SF   | = \$ 900.00         |
| Ventura Blvd Frontage          | = 100 LF x \$4.50/LF | = \$ 450.00         |
| TOTAL YEAR 1 (2021) ASSESSMENT |                      | = <u>\$2,445.00</u> |

## PACIFIC PALISADES PBID – ASSESSMENT ENGINEER’S REPORT

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

### **Step 8. Spread the Assessments**

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

### **Miscellaneous PPBID Provisions**

#### **Time and Manner of Collecting Assessments:**

Assessments for the Property Tax Year beginning July 1, 2020 and ending June 30, 2030, shall be collected at the same time and in the same manner as ad valorem taxes paid to the County of Los Angeles (Operation Years 2021-2030). The PPBID assessments shall appear as a separate line item on the property tax bills issued by the Los Angeles County Assessor. The City of Los Angeles is authorized to collect any assessments not placed on the County tax rolls, or to place assessments, unpaid delinquent assessments, or penalties on the County tax rolls as appropriate to implement the Management District Plan.

#### **Bonds:**

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

#### **Duration**

As allowed by State PBID Law, the PPBID will have a ten (10) year operational term from January 1, 2021 to December 31, 2030. The proposed renewed PPBID operation is expected to begin services on January 1, 2021. If the PPBID is not renewed again at the end of the proposed 10-year renewal term, services will end on December 31, 2030.

# APPENDIX 1

## PPBID YR 1 – 2021 ASSESSMENT ROLL

# PACIFIC PALISADES PBID – ASSESSMENT ENGINEER’S REPORT

| APN          | YEAR 1 -2021<br>ASSESSMENT |
|--------------|----------------------------|
| 4423-016-003 | \$570.43                   |
| 4423-016-002 | \$724.97                   |
| 4422-022-016 | \$1,477.56                 |
| 4412-004-022 | \$1,159.52                 |
| 4412-004-015 | \$1,495.78                 |
| 4412-003-008 | \$536.65                   |
| 4423-017-003 | \$824.09                   |
| 4412-004-024 | \$787.95                   |
| 4412-004-018 | \$945.19                   |
| 4412-004-019 | \$845.11                   |
| 4412-002-010 | \$1,754.27                 |
| 4412-003-007 | \$927.36                   |
| 4412-002-009 | \$567.96                   |
| 4412-002-011 | \$1,737.00                 |
| 4412-002-012 | \$5,950.32                 |
| 4412-002-023 | \$4,304.92                 |
| 4423-017-009 | \$4,356.87                 |
| 4412-003-004 | \$1,006.04                 |
| 4423-016-018 | \$700.94                   |
| 4412-002-008 | \$740.62                   |
| 4412-004-025 | \$829.71                   |
| 4412-009-801 | \$3,548.26                 |
| 4423-017-026 | \$1,988.09                 |
| 4423-016-004 | \$1,671.77                 |
| 4412-004-016 | \$784.81                   |
| 4412-002-900 | \$675.00                   |
| 4423-016-900 | \$1,678.10                 |
| 4411-001-016 | \$2,076.33                 |
| 4411-001-017 | \$1,515.61                 |
| 4411-001-018 | \$1,606.64                 |
| 4411-001-019 | \$5,787.90                 |
| 4411-001-020 | \$2,632.72                 |
| 4423-016-011 | \$980.06                   |
| 4423-016-012 | \$1,034.71                 |
| 4412-004-020 | \$943.44                   |
| 4412-001-017 | \$10,374.70                |
| 4423-017-024 | \$2,202.28                 |
| 4412-009-011 | \$1,249.59                 |
| 4423-017-005 | \$679.26                   |
| 4423-017-006 | \$653.16                   |
| 4423-017-008 | \$517.50                   |
| 4423-017-023 | \$1,125.68                 |
| 4422-022-005 | \$1,873.31                 |

|              |             |
|--------------|-------------|
| 4412-002-026 | \$2,302.77  |
| 4412-003-009 | \$3,645.91  |
| 4423-016-073 | \$2,385.10  |
| 4412-002-015 | \$1,833.29  |
| 4412-002-016 | \$6,985.92  |
| 4412-009-014 | \$9,847.63  |
| 4423-016-010 | \$368.77    |
| 4423-016-077 | \$2,221.88  |
| 4423-016-078 | \$15,892.00 |
| 4423-016-079 | \$3,303.45  |
| 4423-016-080 | \$832.23    |
| 4412-001-014 | \$1,851.66  |
| 4423-017-004 | \$807.01    |
| 4423-016-001 | \$637.18    |
| 4412-003-005 | \$798.80    |
| 4412-003-006 | \$2,483.71  |
| 4412-003-003 | \$833.18    |
| 4422-022-015 | \$3,490.75  |
| 4412-002-017 | \$729.43    |
| 4412-002-018 | \$3,319.79  |
| 4412-004-017 | \$953.95    |
| 4412-004-023 | \$1,136.16  |
| 4412-004-021 | \$850.00    |
| 4423-016-009 | \$587.36    |
| 4423-016-017 | \$955.35    |
| 4412-009-012 | \$5,114.53  |

# APPENDIX 2

## PACIFIC PALISADES PBID BOUNDARY MAP

**NEW CITY**  
*America, Inc.*

