

*SOUTH LAKE AVENUE PBID MANAGEMENT DISTRICT PLAN*

5735-034-062	\$3,290.18
5735-034-065	\$5,319.09

5735-034-066	\$1,669.36
5735-034-067	\$12,224.22

**SOUTH LAKE AVENUE  
PROPERTY & BUSINESS IMPROVEMENT  
DISTRICT**

*District being renewed pursuant to Section 36600 et seq.  
of the California Streets and Highways Code  
The Property and Business Improvement District Law of 1994*

**DISTRICT  
ASSESSMENT ENGINEER'S  
REPORT**

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

*September 22, 2011  
Revised March 2, 2012*

**SOUTH LAKE AVENUE PROPERTY & BUSINESS IMPROVEMENT DISTRICT**

**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 parcels located within the renewed South Lake Avenue Property & Business Improvement District ("SLB PBID") will receive a special benefit over and above the benefits conferred on the public at large and that the amount of the assessment is proportional to, and no greater than the benefits conferred on each respective parcel.

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



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

RPE #26549

March 2, 2012

Edward V. Henning

Date

*(NOT VALID WITHOUT CERTIFICATION SEAL AND SIGNATURE 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 levied within the South Lake Avenue PBID in the City of Pasadena, California being renewed for a 5 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 South Lake Avenue 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 specially benefit directly either in whole or in part from the District funded programs and improvements and does not imply that all parcels receive assessable benefits.**

## SOUTH LAKE AVENUE PROPERTY & BUSINESS IMPROVEMENT DISTRICT

### Background

The South Lake Avenue PBID is a property-based benefit assessment type district being renewed for a 5 year period 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 each and every identified benefiting parcel within the PBID based on the proportional amount of program special benefit each parcel 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.

The method used to determine special benefits derived by each identified parcel 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 South Lake Avenue 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

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assessed and 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.

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 South Lake Avenue PBID. These requirements are in addition to requirements imposed by State and local assessment enabling laws. These requirements were “chaptered” into law as Article XIID of the California Constitution.

Since Prop 218 provisions will affect all subsequent calculations to be made in the assessment formula for the South Lake Avenue PBID, Prop 218 requirements will be taken into account. The key provisions of Prop 218 along with a description of how the South Lake Avenue 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 450 parcels within the South Lake Avenue PBID of which there are 447 “identified” parcels that, in the opinion of this Assessment Engineer, will derive special benefits from the District programs and activities and will be assessed. Three parcels will not be assessed – two of which are commercially used surface parking lots (APN 5721-027-019 and 020) but are zoned residential and which cannot be assessed pursuant to State PBID Law in that such zoned parcels are deemed not to benefit from PBID funded

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activities and programs.. The remaining parcel is the residential portion of a parking structure (APN 5327-001-160) within a mixed-use condominium development. Parking structures are not assessed for building area within the South Lake Avenue PBID and the underlying land area is being assessed as part of the commercial use portion of this development.

Benefits are special and unique only to the identified parcels within the District because programs and services (i.e. maintenance services; ambassador program; marketing/promotions; and, administration/operations) are only provided directly for the identified parcels. These identified benefiting parcels are located within the PBID perimeter boundary which is shown on the Boundary Map included in the Management District Plan and are listed as an attachment to the Plan and this Report - identified by assessor parcel number. Any future land developments and/or subdivisions approved within the term of the renewed District will adhere to the assessment rate structure described herein. There is a single benefit zone within the renewed PBID. This area represents the South Lake Avenue business district, developed with a high intensity of retail, restaurant, financial, office, parking and residential condominium uses.

### Boundaries

The District is bounded on the north by Colorado Boulevard; on the east by Mentor Avenue; on the west by Hudson Avenue; and, on the south by an east-west line parallel with and roughly 260 feet south of California Street.

The northern PBID boundary is defined by Colorado Boulevard, which is also the southern boundary of the existing Playhouse District PBID. State PBID Law prohibits two PBIDs from overlapping. No services from the South Lake Avenue PBID are provided north of Colorado Boulevard and, in turn, no special benefits are derived from South Lake Avenue PBID funded services and programs by parcels lying outside the South Lake Avenue PBID. General benefits, if any, are unintentional and unquantifiable.

The eastern PBID boundary is defined by the centerline of Mentor Avenue (and projection thereof). The parcels to the east of the east PBID boundary are exclusively zoned residential and developed with various density residential neighborhoods. Pursuant to State Law, parcels zoned solely residential are conclusively presumed not to benefit from the improvements and service funded through these assessments. No services from the existing PBID are provided east of the eastern PBID boundary and, in turn, no special benefits are derived from PBID funded services and programs by parcels lying outside the PBID. General benefits, if any, are unintentional and unquantifiable.

The western PBID boundary is defined by the centerline of Hudson Avenue. The parcels to the west of west PBID boundary are either public school use and/or exclusively zoned residential and developed with various density residential neighborhoods. Pursuant to State Law, parcels zoned solely residential are conclusively presumed not to benefit from the

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improvements and service funded through these assessments. No services from the existing PBID are provided west of the western PBID boundary and, in turn, no special benefits are derived from PBID funded services and programs by parcels lying outside the PBID. General benefits, if any, are unintentional and unquantifiable.

The southern PBID boundary is defined by an east-west line lying approximately 260 feet south of California Street. The area south of this line is exclusively zoned residential and developed with residential neighborhoods. Pursuant to State Law, parcels zoned solely residential are conclusively presumed not to benefit from the improvements and service funded through these assessments. No services from the existing PBID are provided south of the southern PBID boundary and, in turn, no special benefits are derived from PBID funded services and programs by parcels lying outside the PBID. General benefits, if any, are unintentional and unquantifiable.

No services from the existing PBID are provided to the residential neighborhoods to the east, west or south of the PBID boundaries and, in turn, no special benefits are derived from PBID funded services and programs by parcels lying outside the PBID. General benefits, if any, are unintentional and unquantifiable.

All identified parcels within the above-described boundaries are assessed to fund special benefit services, programs and improvements as outlined in this report and the Management District Plan. PBID funded activities are only provided to properties inside the District boundaries – none outside.

**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 Proposition 218, assessment District programs and activities may 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 identified parcels. 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 of the identified parcels within the boundaries of the South Lake Avenue PBID which receive special benefits from PBID funded programs and services are currently an intense mix of retail, office, financial, residential and parking. Services, programs and improvements provided by the District are explicitly designed to provide special benefits to identified parcels within the boundaries of the District.

Existing City of Pasadena services are enhanced, not replaced or duplicated, by PBID services. In the case of the

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South Lake Avenue PBID, the very nature of the purpose of this District is to fund supplemental programs, improvements and services within the PBID boundaries above and beyond what is being currently provided to the City in general or the public at large and funded either via normal tax supported methods or other funding sources. PBID funded supplemental services, programs and improvements, are designed to enhance each identified parcel, increase tenancy, livability, image and marketing of each identified parcel in the PBID and improve the aesthetic appearance and safety of streetscape areas adjacent to each identified parcel within the PBID. All benefits derived from the PBID assessments levied on parcels within the PBID are for supplemental services, programs and improvements directly benefiting each parcel within this area and support increased cleanliness, commerce, business attraction and retention, increased property rental income, livability and improved identity. No services are provided beyond the PBID boundaries.

### **Improvements and Activities**

The following are the improvements and activities to be funded by the South Lake Avenue PBID:

#### **1. Maintenance Services**

- pickup of litter from all sidewalks, gutters, alleys and public parking lots – 6 x per week (no City base level service)
- inspection/emptying of sidewalk trash bins – 6 x per week (City base level service provides this 3/times/week)
- mechanical sweeping of all streets and gutters – every other week (provided as base level service by City)
- manual cleaning (blo and go) of all sidewalks, alleys and public parking lots – 5 x per week (no City base level service)
- steam cleaning of all sidewalk and trash bin areas – 1 x per month (no City base level service)

These supplemental maintenance services directly benefit each parcel within the PBID by creating positive perceptions of the South Lake Avenue District as an attractive and pedestrian-friendly shopping, dining and living area. Regular and professional streetscape care presents a clean and caring appearance of a well managed and successful business and living center for the direct and special benefit of each parcel within the PBID.

Each supplemental maintenance service assists in beautifying the PBID areas adjacent to each parcel within the PBID and enhances the image of this commercial corridor and the public streetscape areas adjacent to each parcel within it. This activity is designed to increase commerce and/or livability and/or attract and retain businesses for the benefit of each parcel within the PBID. These supplemental streetscape services will only be provided within the PBID boundaries for the direct benefit of each parcel within the PBID; therefore these services constitute "special benefits" to each assessed parcel.

The cost of providing supplemental maintenance services is estimated at \$161,200, or 26% of the 2013 budget.



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### **2. Ambassador Program**

- patrol day/night/weekends for graffiti, crime, code violations, suspicious activities
- provide assistance, directions, and greetings to stakeholders, shoppers and visitors
- distribute District maps, business directories and event calendars
- provide first response assistance to requests/need for social issue intervention
- assist South Lake Business Association with dissemination of newsletters, alerts, promotions

This supplemental ambassador program directly benefits each parcel within the PBID by creating positive perceptions of the South Lake Avenue District as a safe and pedestrian-friendly shopping, dining and living area. Regular and professional ambassador services presents a perception of a safe and successful business and living center for the direct and special benefit of each parcel within the PBID.

This supplemental ambassador program assists in securing the PBID areas adjacent to each parcel within the PBID and enhances the image of this mixed-use corridor and the public streetscape areas adjacent to each parcel within it. This activity is designed to increase commerce and/or livability and/or attract and retain businesses for the benefit of each parcel within the PBID. This supplemental ambassador program will only be provided within the PBID boundaries for the direct benefit of each parcel within the PBID; therefore these services constitute "special benefits" to each assessed parcel.

The cost of providing this supplemental ambassador program is estimated at \$148,800, or 24% of the 2013 budget.

### **3. Marketing/Promotions**

- advertising of the District's diverse array of goods, services, culture and livability
- marketing of business and property investment opportunities within District
- marketing of available space for lease or sale
- series of festive District events and Holiday activities
- regular sales and business promotions
- business Creation Attraction Retention Expansion (CARE) programs

This activity is designed to enhance commerce and livability and attract and retain businesses for the direct benefit of each parcel within the PBID boundaries by marketing the vast array of goods, services and living spaces within the District. Supplemental marketing/promotions directly benefits each parcel within the PBID by creating positive perceptions of the South Lake Avenue District as a pedestrian-friendly shopping, dining and living area. Regular and professional marketing promotes a viable and successful business and living center for the direct and special benefit of each parcel within the

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PBID.

These marketing-promotion programs will only be provided for each parcel within the PBID boundaries; therefore these services constitute "special benefits" to each assessed parcel.

The cost of providing marketing-promotions is estimated at \$173,600, or 28% of the 2013 budget.

### 4) Administration/Operations

This program element funds the costs for day to day program management, preparation of regular PBID related reports, office expenses, legal fees, City/County assessment district fees, accounting/bookkeeping fees, and Directors & Officers and General Liability insurance.

This component is key to the proper expenditure of PBID assessment funds and the administration of PBID programs and activities which are intended to benefit each parcel within the PBID through increased commerce and livability within the District. Because this program exists only for the direct benefit of each identified parcel within the PBID and will only be provided for matters occurring within the PBID boundaries, this program constitutes a "special benefit" to each identified and assessed parcel.

The cost of providing administration/operations for is estimated at \$136,400, or 22% of the 2013 Budget.

Each of the above-described programs and activities work together to create a more pleasing environment within the District that is conducive to strengthening the current and future economic vitality of this mixed-use corridor through the attraction and retention of new business, increased commerce and enhanced livability for residents. The programs, improvements and services are designed to specifically benefit each identified parcel within the PBID boundaries. The PBID assessments are only levied on identified parcels within the PBID boundaries and assessment revenues are spent to deliver services that provide a direct and special benefit to assessed parcels and to improve the economic vitality of these properties. Inasmuch as no supplemental services are provided beyond the PBID boundaries to the surrounding communities or to the public in general, any general benefit is unintentional. It is hereby determined that general benefits as related to PBID funded activities and services, if any, are not quantifiable, measurable, or tangible.

**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.**

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Each identified parcel within the district will be assessed based on property characteristics unique only to that parcel. The calculated assessment rates are applied to the actual measured parameters of each parcel and thereby are proportional to each and every other identified parcel within the district as a whole. Larger parcels and ones with larger buildings and street frontages are expected to impact the demand for services and programs to a greater extent than smaller ones and thus are assigned a higher 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 land attributes.

The proportionate special benefit costs (benefit assessments) for all identified parcels within the District have been calculated based on the assessment formula as determined by this Assessment Engineer, and are listed as an attachment to the Management District Plan and this Report. The individual proportionate benefit percentage (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 is possible through the South Lake Avenue PBID, they are also considerably less than other options considered by the South Lake Avenue PBID proponent group. The actual assessment rate for each parcel within the PBID directly relate to the level of special benefit service to be provided to each identified parcel within the District based on the respective and applicable property characteristics as delineated in this Report.

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

There are 9 publicly owned parcels at this time within the South Lake Avenue PBID (City of Pasadena public parking lots). The total assessment for these parcels is \$12,736 (2.05% of total). City owned public parking lots will directly benefit from supplemental maintenance services and the ambassador program by keeping the area clean and litter-free and safe which, in turn, enhances the desirability of parking vehicles in these public parking lots to the same extent as other privately owned parking lots. These City surface parking lots do not directly benefit from marketing/promotions and are not assessed for these programs in that those programs are attributed to building areas of which there are none on surface parking lots.

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Based on the rationale provided above, in the opinion of this Assessment Engineer, there is no clear and convincing evidence that these City owned parcels do not benefit equally to privately owned parcels and, thus, are assessed in the same manner and rate as private owned parcels with surface parking lots in the PBID.

**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 levied within the South Lake Avenue 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.”**

The individual and total parcel assessments attributable to special property benefits are shown on Appendix 1 to the Management District Plan and this Report. The District and resultant assessment payments will continue for 5 years and may be renewed again at that time. The reasons (purposes) for the 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 street frontage, land area and/or building area. There is a single benefit zone.

### **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 and diverse needs and corresponding program activities to be funded, which relate directly to the sidewalk areas, parcel size and current improvements, it is the opinion of this Assessment Engineer that the assessments be based equally on three property related elements; the amount of adjacent street/sidewalk frontage, the parcel size and/or the building area. Using the integration of multiple assessment factors like street frontage, parcel size and/or building area is an appropriate application of assessment methodology in a complex mixed-use high density area like South Lake Avenue where the development patterns, parcel configurations and land uses are extremely diverse and vary from block to block and parcel to parcel.

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

For residential condominiums, the use of net building pad area is the most equitable method of spreading special benefit costs to this specialized beneficiary (residential condominium uses) of focused PBID funded services, programs and improvements tailored uniquely for this land use and ownership category.

Street frontage is a direct measure of the static utilization of each parcel and its corresponding impact or draw on PBID funded activities such as clean and safe activities and administration/operations. In the opinion of this Assessment Engineer, the targeted weight of this factor, street frontage, should generate about 1/3 of the total commercial PBID revenue.

Land area is a direct measure of the current and future development capacity of each parcel and its corresponding impact or draw on PBID funded activities such as clean and safe and administration/operations. In the opinion of this Assessment Engineer, the targeted weight of this factor, land area, should generate approximately 1/3 of the total commercial PBID revenue based on program needs, priorities and corresponding costs.

Building Area is a direct measure of the dynamic utilization of each parcel and its corresponding impact or draw on PBID funded activities such as marketing/promotions and administration/operations for commercial uses and all other benefitting services and program services for residential condominium uses based on development density. In the opinion of this Assessment Engineer, the targeted weight of this factor, building area, should generate approximately 1/3 of the total PBID revenue for commercial parcels and 100% for residential condominium parcels based on program needs, priorities and corresponding costs.

The “Basic Benefit Units” will be expressed, for commercial parcels, as a combined function of street frontage (Benefit Unit “A”), land area (Benefit Unit “B”), building area (Benefit Unit “C”) and for residential condominiums, building pad area (Benefit Unit “D”). Based on the grid shape of the PBID, as well as the nature of the District program elements, it is determined that all commercial parcels will gain a direct and proportionate degree of benefit based on the respective amount of street frontage, land area and building area, and residential condominiums based on building pad area, all within a single benefit zone.

It is noted that in the opinion of this Assessment Engineer, the programmed and variable demand for clean and safe

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services for Lake Avenue frontages is much higher than other street frontages and thus, the non-Lake Avenue street frontage assessment rate (Benefit Unit "A-2") should be set at 50% of Lake Avenue street frontage rate (Benefit Unit "A-1").

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

Taking into account all identified benefiting properties and their respective assessable benefit units within the PBID, there are 23,200 linear feet of street frontage, of which 7,465 linear feet (Benefit Units "A-1") are along Lake Avenue with the remaining 15,735 linear feet (Benefit Units "A-2") along all other streets in the District, 2.6 million square feet of land (Benefit Units "B"), and 2.4 million square feet (Benefit Units "C" and "D") of combined commercial building area and residential condominium building pad area. A list of all parcels in the PBID is shown in Appendix B attached hereto.

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

The number of Benefit Units for each identified benefiting parcel within the South Lake Avenue PBID was computed from data extracted from City of Pasadena land records as well as Los Angeles County Assessor records and maps. These data sources delineate current building areas and property 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, it does provide an acceptable basis for the purpose of calculating property based assessments. All respective property data used for assessment computations has been provided to each property owner in the PBID for their review and verification. All known or reported discrepancies, errors or misinformation have been corrected.

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

Based on the nature of the programs to be funded as well as other rationale outlined in Step 1 above, it has been determined that the South Lake Avenue PBID assessments are to be based on a combination of street frontage, land area and/or building area.

Using the cumulative property related data totals from Step 2 above, the base Year 1 assessment rates are set as follows:

#### **Assessment Formula Unit Costs (2012-13):**

(Benefit Unit "A-1")	= \$12.283/lin ft of Lake Ave street frontage
(Benefit Unit "A-2")	= \$6.141/lin ft of "other" street frontage including Shopper's Lane
(Benefit Unit "B")	= \$0.07926/sq ft of land area

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(Benefit Unit "C") = \$0.06686/sq ft of gross exterior bldg area

(Benefit Unit "D") = \$0.10/sq ft of bldg pad area

**20012-13 Assessment Rate Schedule and Application:**

The assessment formula for commercial parcels is:

Lake Frontage x Lake Frontage Rate + Other Frontage x Other Frontage Rate + Land Area x Land Area Rate +  
Building Area x Building Area Rate

The assessment formula for residential condominium parcels is:

Condo Building Pad Area x Condo Building Pad Area Rate

*Added notes for Residential Uses and Commercial Condominiums*

1. Residential condominium unit parcels will be assessed at a rate of \$0.10 per livable unit building pad area. All residential condominium parcels will be assessed based upon their verifiable building square foot size per condo.
2. Other residential rental complexes from 1-4 units will be assessed at the rate of \$0.10 per livable unit building pad area. Exclusively residential rental complexes with more than 4 units will be assessed at 50% of the respective commercial rates.
3. Any parcel zoned solely residential will not be assessed pursuant to State PBID Law which presumes such parcels do not benefit from PBID funded programs and services.
4. All ground floor commercial condos (retail or office) will be assessed based on actual land area covered, condo building pad area and direct street frontage for each unit. Because such uses are typically developed as part of a multi-floor mixed-use complex, special methodologies are needed to address the levy of assessments on such land uses.
5. Mixed-use rental uses and multi-floor mixed-use condominium uses will be assessed in accordance with the following assessment methodology:

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### A. Mixed-Use Ground floor Commercial and Upper Residential Rental

- Building area at building area rate for commercial and multi-family residential rental building areas
- Land area at the land area rate
- Street frontage at respective street frontage rate

### B. Multi-Floor Commercial Only Condominiums

- Building pad area at respective building area rate
- Land area at land area rate but pro-rated for each unit based on ratio of unit building area to total building area
- Street frontage at respective street frontage rate but pro-rated for each unit based on ratio of unit building area to total building area

### C. Mixed-Use Commercial Condos and Residential Condominiums

- Commercial building pad area at respective commercial building area rate and at residential condominium building rate for residential condominium building pad area
- Land area at land area rate (assessed on ground floor commercial condo parcels for actual land area covered)
- Street frontage at respective street frontage rate (assessed on ground floor commercial condo parcels for actual street frontage)

6. Parking Structures – the building areas for structured parking for commercial and/or residential uses will not be assessed. For commercial uses, the underlying land area and adjacent street frontages for parking structures will be assessed according to the respective assessment rates.

7. Future Development As future new development occurs within the District, current property characteristics and parcel configurations may also change. This may occur due to various land related modifications such as new subdivisions, lot line adjustments, reversions to acreage and parcel consolidations. In turn, individual parcel street frontage measurements, parcel sizes and building areas may also change. Any such modifications will result in recalculation of assessments for new and/or modified parcels based on the assessment rate in affect when such changes occur in accordance with future maximum rates and the assessment methodology delineated in this Report.

It is noted that 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.

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

The total District projected costs for 2013-2017 are shown below in Table 1.



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**TABLE 1**

**Total 2013-2017 District Costs** (assume 5% increase over prior year)

<b>ACTIVITY</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
1.0 Maintenance Services	\$161,200	\$169,260	\$177,723	\$186,609	\$195,940
2.0 Ambassador Program	\$148,800	\$156,240	\$164,052	\$172,255	\$180,867
3.0 Marketing/Promotions	\$173,600	\$182,280	\$191,394	\$200,964	\$211,012
4.0 Administration/Operations	\$136,400	\$143,220	\$150,381	\$157,900	\$165,795
<b>TOTAL</b>	<b>\$620,000</b>	<b>\$651,000</b>	<b>\$683,550</b>	<b>\$717,728</b>	<b>\$753,614</b>

**Step 6. Separate General Benefits from Special Benefits and Related Costs (Prop 218)**

All benefits derived from the assessments outlined in the Management District Plan and this Report are for supplemental services, programs and improvements directly benefiting the identified properties within the PBID. All PBID funded activities are provided solely to properties within the South Lake Avenue PBID. All services are delivered only within the boundaries and designed only for the direct special benefit of the identified assessed properties in the PBID. No services are provided to non-assessed parcels outside the PBID boundaries. Any potential spill over effect is unquantifiable as previously discussed in this report. Thus, all general benefits (if any) within or outside of the PBID, are inadvertent, intangible and immeasurable. Total 2013 District revenues are shown below in Table 2.

**TABLE 2**

**Total 2013 District Revenues**

<b>Funding Source</b>	<b>Revenue</b>	<b>% of Total</b>
PBID Assessments	\$620,000	100.00%
<b>TOTAL DISTRICT REVENUE</b>	<b>\$620,000.00</b>	<b>100.00%</b>

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

With a 2013 projected assessment revenue of \$620,000, the Basic Unit Costs are shown above in Step 4. Since the PBID is being renewed for a 5 year term, maximum assessments rates for future years (2014-2017) must be set at the renewal point of the PBID. ***An annual flat inflationary assessment rate increase of up to 5% either may be imposed each year for Years 2014-2017, on approval by the PBID Property Owner’s Association.*** The maximum assessment rates for 2013-2017 are shown below in Table 3.

**SOUTH LAKE AVENUE PROPERTY & BUSINESS IMPROVEMENT DISTRICT**

**TABLE 3**

**Year 1-5 Maximum and Projected District Assessment Rates**

<b>Assessment Formula Factor</b>	<b>Year 1 Rate</b>	<b>Year 2 Rate</b>	<b>Year 3 Rate</b>	<b>Year 4 Rate</b>	<b>Year 5 Rate</b>
Building Area Fee	\$0.06686	\$0.07020	\$0.07371	\$0.07740	\$0.08127
Land Area Fee	\$0.07926	\$0.08322	\$0.08738	\$0.09175	\$0.09634
Lake Ave Street Frontage Fee	\$12.283	\$12.897	\$13.542	\$14.219	\$14.930
All Other Street Frontage Fee	\$6.141	\$6.448	\$6.770	\$7.109	\$7.464
Residential (1-4 Units) Fee	\$0.100	\$0.105	\$0.110	\$0.116	\$0.122

(assumes maximum 5% increase over prior year rates)

**Step 8. Spread the Assessments**

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

# APPENDIX 1

## 2012-13 PROPERTY TAX ASSESSMENT ROLL

**SOUTH LAKE AVENUE PROPERTY & BUSINESS IMPROVEMENT DISTRICT**

APN	2012-13 PBID ASSM'T
5327001162	\$186.00
5327001163	\$191.00
5327001164	\$186.00
5327001165	\$155.00
5327001166	\$191.00
5327001167	\$190.00
5327001168	\$226.00
5327001169	\$254.00
5327001170	\$238.00
5327001171	\$203.00
5327001172	\$210.00
5327001173	\$207.00
5327001174	\$199.00
5327001175	\$155.00
5327001176	\$247.00
5327001177	\$210.00
5327001178	\$142.00
5327001179	\$186.00
5327001180	\$186.00
5327001181	\$191.00
5327001182	\$186.00

5327001183	\$155.00
5327001184	\$186.00
5327001185	\$203.00
5327001186	\$210.00
5327001187	\$207.00
5327001188	\$199.00
5327001189	\$155.00
5327001190	\$247.00
5327001191	\$210.00
5327001192	\$71.00
5327001193	\$186.00
5327001194	\$186.00
5327001195	\$191.00
5327001196	\$186.00
5327001197	\$155.00
5327001198	\$113.00
5327001199	\$127.00
5327001200	\$186.00
5327001201	\$203.00
5327001202	\$210.00
5327001203	\$207.00
5327001204	\$199.00
5327001205	\$155.00

5327001206	\$247.00
5327001207	\$210.00
5327001208	\$71.00
5327001209	\$219.00
5327001210	\$186.00
5327001211	\$191.00
5327001212	\$186.00
5327001213	\$234.00
5327001214	\$225.00
5327001215	\$219.00
5327001216	\$233.00
5327001217	\$277.00
5327001218	\$207.00
5327001219	\$287.00
5327001220	\$207.00
5327001221	\$219.00
5327001222	\$217.00
5327001223	\$185.00
5327001224	\$191.00
5327001225	\$186.00
5327001226	\$232.00
5327001227	\$232.00
5327001228	\$277.00

**SOUTH LAKE AVENUE PROPERTY & BUSINESS IMPROVEMENT DISTRICT**

5327001229	\$278.00
5327001230	\$283.00
5327001231	\$206.00
5327001232	\$219.00
5327-001-001	\$1,178.13
5327-001-002	\$860.47
5327-001-003	\$3,294.96
5327-001-004	\$723.76
5327-001-005	\$868.91
5327-001-006	\$1,325.95
5327-001-009	\$746.94
5327-001-010	\$770.22
5327-001-011	\$604.14
5327-001-012	\$677.35
5327-001-014	\$1,477.48
5327-001-015	\$677.40
5327-001-029	\$1,773.47
5327-001-030	\$1,763.47
5327-001-160	\$0.00
5327-001-161	\$7,813.11
5327-002-001	\$1,570.71
5327-002-004	\$1,632.42
5327-002-005	\$2,821.52

5327-002-006	\$1,218.02
5327-002-007	\$802.65
5327-002-008	\$1,404.51
5327-002-009	\$940.04
5327-002-023	\$1,876.62
5327-002-088	\$1,266.16
5327-020-011	\$1,719.91
5327-020-012	\$1,362.81
5327-020-013	\$1,440.87
5327-020-039	\$11,757.08
5721-027-003	\$882.59
5721-027-053	\$145.00
5721-027-054	\$100.00
5721-027-055	\$92.00
5721-027-056	\$92.00
5721-027-057	\$103.00
5721-027-058	\$104.00
5721-027-018	\$2,503.01
5721-027-019	\$0.00
5721-027-020	\$0.00
5721-027-027	\$3,246.51
5721-027-032	\$5,017.84
5734-013-025	\$22,245.48

5734-013-026	\$6,568.44
5734-013-027	\$26,229.83
5734-013-028	\$8,958.13
5734-030-001	\$702.72
5734-030-002	\$2,723.99
5734-030-006	\$4,443.77
5734-030-008	\$796.86
5734-030-020	\$1,689.42
5734-030-021	\$1,385.40
5734-030-026	\$4,207.10
5734-030-027	\$2,250.23
5734-030-030	\$1,671.59
5734-030-031	\$70.78
5734-030-033	\$6,741.82
5734-030-034	\$7,803.11
5734-031-004	\$5,728.92
5734-031-009	\$38,468.21
5734-031-010	\$21,536.07
5734-032-004	\$21,005.79
5734-033-013	\$9,445.80
5734-033-014	\$8,324.17
5734-034-008	\$1,616.37
5734-034-019	\$18,288.28

**SOUTH LAKE AVENUE PROPERTY & BUSINESS IMPROVEMENT DISTRICT**

5734-034-021	\$16,734.78
5734-034-023	\$22,387.74
5734-034-025	\$1,717.03
5734-035-005	\$1,972.95
5734-035-008	\$2,017.53
5734-035-009	\$1,616.37
5734-035-018	\$1,664.00
5734-035-019	\$1,295.48
5734-035-020	\$1,295.48
5734-035-025	\$5,664.62
5734-035-031	\$5,669.45
5734-035-040	\$4,101.32
5734-035-042	\$72.10
5734-035-043	\$112.60
5734-035-044	\$79.50
5734-035-045	\$117.80
5734-035-046	\$55.20
5734-035-047	\$55.40
5734-035-048	\$55.40
5734-035-049	\$55.40
5734-035-050	\$55.10
5734-035-051	\$141.40
5734-035-052	\$52.80

5734-035-053	\$54.30
5734-035-054	\$54.30
5734-035-055	\$69.10
5734-035-056	\$54.50
5734-035-057	\$118.40
5734-035-058	\$78.20
5734-035-059	\$69.00
5734-035-060	\$68.10
5734-035-061	\$72.10
5734-035-062	\$112.60
5734-035-063	\$79.50
5734-035-064	\$117.80
5734-035-065	\$55.40
5734-035-066	\$54.70
5734-035-067	\$55.40
5734-035-068	\$55.00
5734-035-069	\$53.80
5734-035-070	\$139.80
5734-035-071	\$51.10
5734-035-072	\$52.70
5734-035-073	\$52.60
5734-035-074	\$67.50
5734-035-075	\$52.80

5734-035-076	\$114.10
5734-035-077	\$78.20
5734-035-078	\$69.00
5734-035-079	\$69.10
5734-035-080	\$56.30
5734-035-081	\$91.60
5734-035-082	\$91.30
5734-035-083	\$91.40
5734-035-084	\$73.70
5734-035-085	\$67.70
5734-035-086	\$65.60
5734-035-087	\$68.80
5734-035-088	\$68.80
5734-035-089	\$68.80
5734-035-090	\$68.50
5734-035-091	\$68.40
5734-035-092	\$70.20
5734-035-093	\$112.40
5734-035-094	\$423.98
5734-035-095	\$56.30
5734-035-096	\$91.60
5734-035-097	\$91.30
5734-035-098	\$91.40

**SOUTH LAKE AVENUE PROPERTY & BUSINESS IMPROVEMENT DISTRICT**

5734-035-099	\$73.70
5734-035-100	\$91.50
5734-035-101	\$116.70
5734-035-102	\$68.80
5734-035-103	\$68.80
5734-035-104	\$68.80
5734-035-105	\$68.80
5734-035-106	\$68.40
5734-035-107	\$70.20
5734-035-108	\$98.60
5734-035-109	\$91.70
5734-035-110	\$91.80
5734-035-111	\$91.40
5734-035-112	\$87.90
5734-035-113	\$56.30
5734-035-114	\$91.60
5734-035-115	\$91.30
5734-035-116	\$91.40
5734-035-117	\$73.70
5734-035-118	\$91.50
5734-035-119	\$71.10
5734-035-120	\$71.10
5734-035-121	\$116.70

5734-035-122	\$68.80
5734-035-123	\$68.80
5734-035-124	\$68.80
5734-035-126	\$68.40
5734-035-127	\$70.20
5734-035-128	\$98.60
5734-035-129	\$91.70
5734-035-130	\$91.80
5734-035-131	\$91.40
5734-035-132	\$87.90
5734-035-133	\$56.30
5734-035-134	\$91.60
5734-035-135	\$91.30
5734-035-136	\$91.40
5734-035-137	\$73.70
5734-035-138	\$91.50
5734-035-139	\$71.10
5734-035-140	\$71.10
5734-035-141	\$116.70
5734-035-142	\$68.80
5734-035-143	\$68.80
5734-035-144	\$68.80
5734-035-145	\$68.80

5734-035-146	\$68.40
5734-035-147	\$70.20
5734-035-148	\$98.60
5734-035-149	\$91.70
5734-035-150	\$91.80
5734-035-151	\$91.40
5734-035-152	\$87.90
5734-035-153	\$273.80
5734-035-154	\$1,286.08
5734-035-155	\$684.18
5734-035-156	\$273.66
5734-035-157	\$466.82
5734-035-158	\$525.99
5734-035-160	\$68.80
5734-038-001	\$93.70
5734-038-002	\$124.30
5734-038-003	\$130.30
5734-038-004	\$120.60
5734-038-005	\$134.70
5734-038-006	\$95.50
5734-038-007	\$134.70
5734-038-008	\$128.30
5734-038-009	\$151.60

**SOUTH LAKE AVENUE PROPERTY & BUSINESS IMPROVEMENT DISTRICT**

5734-038-010	\$91.40
5734-038-011	\$98.70
5734-038-012	\$91.40
5734-038-013	\$98.70
5734-038-014	\$75.30
5734-038-015	\$91.40
5734-038-016	\$97.90
5734-038-017	\$98.70
5734-038-018	\$87.10
5734-038-019	\$103.80
5734-038-020	\$94.30
5734-038-021	\$143.00
5734-038-022	\$130.30
5734-038-023	\$161.30
5734-038-024	\$121.60
5734-038-025	\$148.50
5734-038-026	\$134.70
5734-038-027	\$95.50
5734-038-028	\$148.50
5734-038-029	\$128.30
5734-038-030	\$151.60
5734-038-031	\$91.40
5734-038-032	\$98.70

5734-038-033	\$91.40
5734-038-034	\$98.70
5734-038-035	\$75.30
5734-038-036	\$91.40
5734-038-037	\$97.90
5734-038-038	\$98.70
5734-038-039	\$87.10
5734-038-040	\$103.80
5734-038-041	\$214.10
5734-038-042	\$219.30
5734-038-043	\$219.30
5734-038-044	\$222.30
5734-038-045	\$191.70
5734-038-046	\$179.30
5734-038-047	\$105.10
5734-038-048	\$83.70
5734-038-049	\$94.30
5734-038-050	\$88.90
5734-038-051	\$143.00
5734-038-052	\$109.20
5734-038-053	\$130.30
5734-038-054	\$107.30
5734-038-055	\$118.80

5734-038-056	\$121.60
5734-038-057	\$148.50
5734-038-058	\$134.70
5734-038-059	\$95.50
5734-038-060	\$148.50
5734-038-061	\$128.30
5734-038-062	\$151.60
5734-038-063	\$91.40
5734-038-064	\$98.70
5734-038-065	\$91.40
5734-038-066	\$98.70
5734-038-067	\$75.30
5734-038-068	\$91.40
5734-038-069	\$97.90
5734-038-070	\$98.70
5734-038-071	\$87.10
5734-038-072	\$103.80
5734-038-073	\$105.10
5734-038-074	\$94.30
5734-038-075	\$172.90
5734-038-076	\$143.00
5734-038-077	\$109.20
5734-038-078	\$130.30



**SOUTH LAKE AVENUE PROPERTY & BUSINESS IMPROVEMENT DISTRICT**

5734-038-079	\$107.30
5734-038-080	\$118.80
5734-038-081	\$121.60
5734-038-082	\$134.70
5734-038-083	\$134.70
5734-038-084	\$95.50
5734-038-085	\$134.70
5734-038-086	\$128.30
5734-038-087	\$151.60
5734-038-088	\$91.40
5734-038-089	\$98.70
5734-038-090	\$91.40
5734-038-091	\$98.70
5734-038-092	\$75.30
5734-038-093	\$91.40
5734-038-094	\$97.90
5734-038-095	\$98.70
5734-038-096	\$87.10
5734-038-097	\$103.80
5734-038-098	\$191.00
5734-038-099	\$214.20
5734-038-100	\$214.20
5734-038-101	\$217.20

5734-038-102	\$188.60
5734-038-103	\$169.10
5734-038-104	\$8,329.49
5735-006-026	\$1,929.72
5735-006-027	\$405.50
5735-006-028	\$1,546.51
5735-006-031	\$8,881.95
5735-006-032	\$10,465.81
5735-006-033	\$1,759.30
5735-006-034	\$13,476.85
5735-031-001	\$2,362.53
5735-031-002	\$2,832.42
5735-031-003	\$2,563.11
5735-031-004	\$2,182.40
5735-031-005	\$1,968.44
5735-031-006	\$2,300.74
5735-031-010	\$1,865.70
5735-031-022	\$7,271.66
5735-031-024	\$2,496.36
5735-031-025	\$2,995.39
5735-031-026	\$2,509.45
5735-031-027	\$4,007.40
5735-031-028	\$1,410.88

5735-031-029	\$4,805.87
5735-031-900	\$1,248.34
5735-031-901	\$1,248.34
5735-032-003	\$691.63
5735-032-004	\$903.59
5735-032-005	\$1,412.38
5735-032-006	\$6,892.74
5735-032-007	\$2,472.29
5735-032-008	\$1,343.04
5735-032-009	\$1,136.33
5735-032-010	\$2,393.04
5735-032-011	\$5,906.36
5735-032-014	\$1,710.41
5735-032-015	\$1,710.41
5735-032-017	\$1,710.41
5735-032-018	\$3,418.05
5735-032-900	\$1,886.74
5735-032-901	\$1,105.96
5735-032-902	\$1,710.73
5735-033-025	\$1,373.11
5735-033-028	\$2,228.77
5735-033-037	\$1,372.60
5735-033-038	\$1,372.60

**SOUTH LAKE AVENUE PROPERTY & BUSINESS IMPROVEMENT DISTRICT**

5735-033-040	\$1,372.60
5735-033-041	\$1,248.02
5735-033-043	\$2,451.18
5735-033-044	\$2,442.76
5735-033-045	\$2,128.71
5735-033-046	\$2,239.03
5735-033-047	\$1,343.01
5735-033-048	\$901.59
5735-033-053	\$1,276.82
5735-033-056	\$2,539.82
5735-033-057	\$4,174.88
5735-033-058	\$1,701.41
5735-033-059	\$813.80

5735-033-060	\$624.01
5735-033-061	\$498.72
5735-033-062	\$896.49
5735-033-063	\$300.13
5735-033-900	\$549.20
5735-033-901	\$1,372.92
5735-033-902	\$823.72
5735-033-903	\$2,790.08
5735-034-022	\$6,038.39
5735-034-035	\$1,896.54
5735-034-038	\$2,083.26
5735-034-042	\$1,497.18
5735-034-047	\$1,647.52

5735-034-048	\$1,497.18
5735-034-051	\$1,985.22
5735-034-052	\$1,945.04
5735-034-053	\$2,161.64
5735-034-057	\$1,522.57
5735-034-058	\$9,245.78
5735-034-060	\$1,671.54
5735-034-061	\$2,988.72
5735-034-062	\$3,290.18
5735-034-065	\$5,319.09
5735-034-066	\$1,669.36
5735-034-067	\$12,224.22