

South Lincoln Boulevard Property Based Assessment District

DRAFT Management District Plan



City of Santa Monica, California

February 2019

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*Prepared pursuant to the State of California
Property and Business Assessment District Law of 1994
as modified by the City of Santa Monica Charter,
to create a Property-Based Assessment District, and
Article XIID of the California Constitution.*

**SOUTH LINCOLN BOULEVARD
Property-Based Assessment District
Management District Plan**

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SECTION 1: EXECUTIVE SUMMARY

Pursuant to California Streets and Highways Code, the Property and Business Assessment District Law of 1994, and as modified by the City of Santa Monica Charter, the South Lincoln Boulevard Property-Based Assessment District is proposed to be established for a ten-year term. The District’s work program will deliver activities and improvements to improve and convey special benefits to properties located within the South Lincoln Boulevard PBAD area. The District will provide both environmental and economic enhancement activities.

Each of the activities is designed to meet the following proposed District goals:

1. Provide a consistently clean, welcoming, and attractive experience along the South Lincoln corridor,
2. Maximize and leverage benefits from streetscape and pedestrian enhancements planned for the corridor,
3. Speak with a shared voice on issues relevant to South Lincoln Boulevard,
4. Attract and retain businesses,
5. Improve the quality of life for property owners, businesses, residents and visitors within the corridor;
6. Enhance properties and lower vacancy rates.

As described in the Management District Plan, it is proposed that the PBAD will provide funding for enhanced clean and safe services, and special projects and advocacy above and beyond base services provided by the City of Santa Monica.

Location	The district boundary shall include properties fronting the South Lincoln Boulevard corridor from Interstate 10 (the Santa Monica Freeway) to the north and the City of Los Angeles boundary (south of Ozone Street) to the south. Refer to map on page 5.
Services and Activities	<p>A Welcoming, Attractive and Economically Vital Lincoln Boulevard corridor: The PBAD will finance improvements and activities that will improve the Lincoln Boulevard corridor environment for property owners, residents, businesses, workers and visitors, including:</p> <p><i>Environmental Activities – Clean & Quality of Life</i></p> <ul style="list-style-type: none"> • Deployment of clean and safe teams to help keep the corridor safe, address the impacts of homelessness, and maintain a standard level of cleanliness throughout the corridor. Services may include the deployment of uniformed ambassadors that may also be specifically trained to deal with quality of life issues, and maintenance services that may include litter removal, weed abatement, graffiti removal, power washing and spot cleaning. <p><i>Economic Enhancements – Special Projects & Advocacy</i></p> <ul style="list-style-type: none"> • Special projects may include physical improvements, landscaping, public art, marketing and promotions, special events and other activities to help attract new investment that furthers the corridor’s appeal as a destination for unique, authentic and eclectic businesses. • Advocacy to support PBAD activities and improvements, promote a positive image, and provide research and education to advance policies favorable for all of the corridor.

	<ul style="list-style-type: none"> Provide information and services aimed to assist property owners in recruitment and retention of tenants/businesses. 																								
Budget	<table border="1"> <thead> <tr> <th>EXPENDITURES</th> <th>BUDGET</th> <th>% of Budget</th> </tr> </thead> <tbody> <tr> <td>Environmental Activities</td> <td>\$225,000</td> <td>64.29%</td> </tr> <tr> <td>Economic Enhancements</td> <td>\$125,000</td> <td>35.71%</td> </tr> <tr> <td>Total Expenditures</td> <td>\$350,000</td> <td>100.00%</td> </tr> <tr> <th>REVENUES</th> <td></td> <td></td> </tr> <tr> <td>Assessment Revenues</td> <td>\$342,768</td> <td>97.93%</td> </tr> <tr> <td>Other Revenues (1)</td> <td>\$7,232</td> <td>2.07%</td> </tr> <tr> <td>Total Assessment District Revenues</td> <td>\$350,000</td> <td>100.00%</td> </tr> </tbody> </table> <p>Note 1-- General Benefit Allowance: An allowance is made for general benefits that the district may provide to either the parcels outside the district boundary or to the public at large. Any PBAD services that are found to provide general benefit cannot be paid for with assessment revenue. A certified engineer has estimated that the general benefit from services accounts for \$7,232 of the estimated budget, resulting in a total assessment budget of \$342,768.</p>	EXPENDITURES	BUDGET	% of Budget	Environmental Activities	\$225,000	64.29%	Economic Enhancements	\$125,000	35.71%	Total Expenditures	\$350,000	100.00%	REVENUES			Assessment Revenues	\$342,768	97.93%	Other Revenues (1)	\$7,232	2.07%	Total Assessment District Revenues	\$350,000	100.00%
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Method of Financing	Levy of assessments upon real property that benefit from improvements and activities.																								
Assessments	<p>Annual assessments are based upon an allocation of program costs and a calculation of building square footage plus linear frontage. Properties with residential (less than 4 units), school, government and tax-exempt ownership and uses will pay an adjusted rate. These properties will fully benefit from environmental services, but they will not benefit from economic enhancements and their assessments will be adjusted accordingly.</p> <p>Estimated annual maximum assessment rates per assessable foot for the first year of the district are as follows:</p> <table border="1"> <thead> <tr> <th>Land Use</th> <th>Linear Frontage</th> <th>Building Sq.Ft.</th> </tr> </thead> <tbody> <tr> <td>Commercial/Apt/Parking</td> <td>\$16.3788</td> <td>\$0.3261</td> </tr> <tr> <td>Govt/School/Res/NP</td> <td>\$9.9875</td> <td>\$0.1954</td> </tr> </tbody> </table>	Land Use	Linear Frontage	Building Sq.Ft.	Commercial/Apt/Parking	\$16.3788	\$0.3261	Govt/School/Res/NP	\$9.9875	\$0.1954															
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City Services	The City of Santa Monica will provide an accounting of baseline services that are currently provided within the District and will continue through the duration of the district.																								
Collection	PBAD assessments appear as a separate line item on the annual Los Angeles County property tax bills.																								

District Governance	<p>Decisions related to the implementation of the Management Plan, including annual work programs, budgets and assessments, will be made by a new non-profit Owners' Association. The Owners' Association will be governed by a board of directors comprised of a majority of property owners that pay assessments within the PBAD. A 7- to 11-member board is recommended, including representation from the following:</p> <ul style="list-style-type: none">✓ All geographic areas served by the PBAD✓ A variety of property types, including retail, office and residential✓ Both large and small property owners✓ At least one business owner that is not a property owner <p>Additional non-voting ex-officio board members should be considered from the following partners:</p> <ul style="list-style-type: none">✓ One member of and/or designee from the Santa Monica City Council✓ A City of Santa Monica staff liaison
District Creation	<p>California law modified by the City of Santa Monica for PBAD district formation requires the submission of petitions signed by property owners in the proposed district who will pay more than 40% of the total assessments (i.e. petitions must represent more than 40% of the \$342,768 to be assessed). Petitions are submitted to the Santa Monica City Council and the City will mail ballots to all affected property owners. The majority of ballots returned, as weighted by assessments to be paid, must be in favor of the PBAD in order for the City Council to consider approval.</p>
Duration	<p>Collection of the first year's assessments will be included in Los Angeles County's 2020-21 tax bill. Services will begin January 1, 2021 and continue through December 31, 2030. Any subsequent renewal of the district will require a new management plan, petition and mail ballot process.</p>

SECTION 2: PBAD BOUNDARY

PBAD Boundary

The District encompasses approximately 17 linear blocks along South Lincoln Boulevard from Interstate 10 (the Santa Monica Freeway) to the north and the City of Los Angeles boundary (south of Ozone Street) to the south. Specifically, the district boundary includes all parcels that front South Lincoln Boulevard both on the west and east sides and any adjacent parcels that are tied to the same development project.

A map of the proposed district boundary is on the following page.



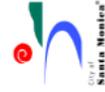
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Proposed South Lincoln Blvd Assessment District Map

--- S Lincoln Blvd PBAD Proposed Boundary

■ PBAD Properties

□ Santa Monica City Boundary



This map of the City of Santa Monica has been provided for illustrative purposes only. Every reasonable effort has been made to ensure that the information on this map is accurate. However, the City assumes no liability for damage arising from errors or omissions. THE MAPS ARE PROVIDED WITHOUT WARRANTY OF ANY KIND, either expressed or implied, including but not limited to, the implied warranties of merchantability and fitness for a particular purpose. Do not make any business decisions based on this map without consulting your decision with the appropriate city staff.

SECTION 3: PBAD ACTIVITY AND IMPROVEMENT PLAN

Background and Feasibility

As determined by area property and business owners, the top priority for services and activities within the South Lincoln Boulevard PBAD area include:

- ◆ Environmental Activities
- ◆ Economic Enhancements

Based upon these findings, the following service and activity categories will be funded by the PBAD. The following narrative provides recommendations for the PBAD's first year of operation. District activities may be amended in subsequent years within the following general categories. Final activities and budgets will be subject to the review and approval of the PBAD Owners' Association prior to City Council approval.

Environmental Activities

To respond to stakeholder priorities and guiding principles to make South Lincoln Boulevard more welcoming, clean, safe and beautiful, the PBAD may fund maintenance and quality of life ambassadors. PBAD environmental activities are intended to improve commerce and quality of life by making each individually assessed parcel safer, cleaner and more attractive, which will encourage investment dollars and generate additional pedestrian traffic. The following is a multi-dimensional approach for providing clean and quality of life services that may consist of, but necessarily limited to, the following activities.

Maintenance and Quality of Life Ambassadors

One of the top priorities is enhanced maintenance efforts. In order to deal with cleaning issues, a Clean Team program will be provided that has a multi-dimensional approach that may consist of the following elements. All these services may not be provided as the maintenance team will focus on spot cleaning on an as needed basis throughout the district.

- **Sidewalk Maintenance:** Uniformed, radio-equipped personnel sweep litter, debris, and refuse from sidewalks, gutters, and other public spaces of the District.
- **Trash Collection:** Collector truck personnel collect trash from sidewalk trash receptacles as needed. They are also dispatched to collect stolen shopping carts and large bulky items illegally dumped in the District.
- **Graffiti Removal:** The Clean Team can remove graffiti using solvent and pressure washing. The District will maintain a zero-tolerance graffiti policy. All tags will aim to be removed within 48 hours of notification.
- **Sidewalk Pressure Washing:** Pressure wash all sidewalks and public spaces on an as needed basis with areas of high pedestrian traffic receiving the highest concentration.
- **Landscape Maintenance:** Public landscape areas including tree wells and planters will be maintained and kept free of litter and weeds.



- **Paper Sign and Handbill Removal:** Paper signs, stickers and handbills that are attached to public property, utility boxes, poles and telephones are removed by hand or when necessary by high-pressure hose.

In addition to the Clean Team, the PBAD will fund Quality of Life Ambassadors that will be specially trained and on the lookout for issues that negatively impact the S. Lincoln Boulevard district experience. The purpose of these Ambassadors is to address unwanted activity, such as; aggressive panhandling, loitering, sit and lie violations, drinking in public, and disruptive behavior. They will also observe and report to local authorities unwanted behaviors or criminal activity. In addition, they will also act as hospitality ambassadors acknowledging pedestrians and visitors in order to provide directions, information or recommendations.

Homeless Outreach

Addressing homelessness and containing disruptive behaviors from street populations is another top priority among property and business owners, citing concerns with nuisance crimes, compounding maintenance issues, and creating an intimidating street atmosphere. To assist homelessness, a multi-faceted approach that combines resources from the business community, city and social service agencies is proposed. Elements of this initiative that could be supported by PBAD assessments include Quality of Life Ambassadors trained to address issues of concern that require more nuance. This may include connecting homeless individuals with local community service programs and facilitating access to care, social services and housing. These Quality of Life Ambassadors would train with social service providers to assist in connecting street populations to appropriate services.

The PBAD's budget for environmental activities is based upon the following estimated deployment:

Clean/Quality of Life Ambassadors	Frequency
<i>Hours of Deployment per Week</i>	80-120 hours per week
Litter Removal/Pan & Broom	Daily
Pressure Washing	As needed
Graffiti Removal	As needed
Light Landscape/Weeds	As needed
Spot Cleaning	As needed
Homeless Outreach	Daily
Contact with businesses and visitors	Daily
Reporting	Daily

Economic Enhancements

An economic development program is included as a key component to proactively work on filling vacancies with targeted businesses, and bring more visitors to the area to engage in commercial or business activities. The following economic activities may include, but are not necessarily limited to, the following special projects:

- Market research and market-based planning to target private investment to strengthen the marketplace.
- Development of a district-wide website.
- Business attraction and retention efforts to encourage business development.
- Directional/wayfinding signage or themed signage.
- Street furniture and amenities, such as benches, kiosks and lighting.
- Design and installation of flowering planters and baskets.
- Design and installation of art and decorative elements.
- Holiday décor or tree lighting.
- Urban design and/or planning services to advance beautification efforts.
- Other cosmetic enhancements that improve the PBAD's appearance.

Advocacy and Management

The South Lincoln Boulevard PBAD will be managed by a part-time coordinator that oversees the District's services and actively advocates on behalf of the District property owners to ensure that City and County services and policies support the District. The special benefit to parcels from these services is increased business revenue and tenant occupancy due to increased commercial activity and enhanced commerce in part due to the work of the management staff as stated above. Management staff expenses are allocated according to generally accepted accounting job costing procedures and are allocated to both the Environmental Activities and Economic Enhancements.

Also included in this budget item are costs to renew the District, conduct a yearly financial review, City fees, and uncollectible assessments.

SECTION 4: PBAD ASSESSMENT BUDGET

2020 PBAD Assessment Budget

The following table outlines the PBAD maximum assessment budget for 2020.

EXPENDITURES	BUDGET	% of Budget
Environmental Activities	\$225,000	64.29%
Economic Enhancements	\$125,000	35.71%
Total Expenditures	\$350,000	100.00%
REVENUES		
Assessment Revenues	\$342,768	97.93%
Other Revenues (1)	\$7,232	2.07%
Total Revenues	\$350,000	100.00%

(1) Other non-assessment funding to cover the cost associated with general benefit and budget adjustments.

Budget Adjustments

Annual assessments may increase no more than 5% per year, consistent with the increase in consumer price index (CPI) and/or other increases in program costs. The determination of annual adjustments in assessment rates will be subject to the review and approval of the board of the Owners' Association.

10-Year Maximum Budget

The following table illustrates the PBAD's maximum annual budget for the 10-year life term, adjusting it by the maximum 5% inflation factor.

	Clean & Safe	Economic	General Benefit	Total
Year 1	\$217,768	\$125,000	\$7,232	\$350,000
Year 2	\$228,656	\$131,250	\$7,594	\$367,500
Year 3	\$240,089	\$137,813	\$7,973	\$385,875
Year 4	\$252,094	\$144,703	\$8,372	\$405,169
Year 5	\$264,698	\$151,938	\$8,791	\$425,427
Year 6	\$277,933	\$159,535	\$9,230	\$446,699
Year 7	\$291,830	\$167,512	\$9,692	\$469,033
Year 8	\$306,421	\$175,888	\$10,176	\$492,485
Year 9	\$321,742	\$184,682	\$10,685	\$517,109
Year 10	\$337,829	\$193,916	\$11,219	\$542,965

Bond Issuance

No bonds will be issued to finance improvements.

SECTION 5: ASSESSMENT METHODOLOGY

General

This Management District Plan provides for the levy of assessments for the purpose of providing services and activities that specially benefit real property in the PBAD. These assessments are not taxes for the general benefit of the City, but are assessments for the services and activities which confer special benefits upon the real property for which the services and activities are provided.

Assessment Factors

The method used to determine proportional special benefits are measured by each parcel's building square footage plus linear street frontage on Lincoln Boulevard compared to the total footages of all parcels in the District boundary.

The use of each parcel's assessable building square footage is the best measure of benefit for the programs because the intent of the District activities is to improve the cleanliness of each individual parcel, to increase building occupancy and revenues, to encourage new business development, to retain and support existing businesses, and to attract ancillary businesses and services for parcels within the District. Linear Street frontage is relevant to the amount of benefit each assessed parcel receives from the PBAD activities that are delivered at the street level. This reflects the fact that services on the street will have the greatest benefit to properties in relationship to their exposure on the street. That is to say that the more linear frontage a parcel has, the more benefit it will receive from the services.

Building Square Footage Defined. Building square footage is defined as gross building square footage as determined by the outside measurements of a building.

Linear Street Frontage Defined. Linear street frontage is defined as the number of linear feet of each parcel that directly fronts on Lincoln Boulevard. Side street frontage are not assessed as they will not receive PBAD environmental activities.

Land Use Considerations

All parcels within the PBAD specially benefit from the PBAD activities but not to the same degree. The proportional special benefit and assessment methodology provides the following land use considerations for properties used exclusively for single family residential, non-profit, and government/school parcels:

Single Family Residential, Non-Profit and Government/School: Owner-occupied residential single family and condominiums, non-profit owned and government/school properties specially benefit from the PBAD activities but differently than commercial parcels. They will receive special benefit from environmental activities, and will be assessed fully for them; however, these parcels will not receive the same special benefit as commercial parcels from the Economic Enhancement services (i.e. marketing, special projects and economic development) because those uses are not engaged in commercial or customer attraction activities, thus their assessment will not include that portion of the assessment. All commercial and mixed-use parcels with residential uses will be subject to an adjusted assessment rate for the owner-occupied residential square footage of that building. The commercial square footage for that building will be assessed the commercial

assessment rate. Rental residential units (i.e. apartments) are considered income-producing commercial property and will be assessed at commercial rates, receiving full benefit from all PBAD services.

Special Benefit Analysis

All special benefits derived from the assessments outlined in this report are for property related activities directly benefiting each individual assessed parcel in the PBAD. The special benefit must affect the individual assessable parcel in a way that is particular and distinct from its effect on other parcels, and that real property in general and the public at large do not share. No parcel's assessment shall be greater than the special benefits received.

Streets and Highways Code Section 36601(e) states that "Property and Business Assessment Districts formed throughout this state have conferred special benefits upon properties and businesses within their districts, and have made those properties and businesses more useful by providing the following benefits: (1) Crime reduction. A study by the Rand Corporation has confirmed a 12-percent reduction in the incidence of robbery and an 8-percent reduction in the total incidence of violent crimes within the 30 districts studied. (2) Job creation. (3) Business attraction. (4) Business retention. (5) Economic growth. (6) New investments."

The PBAD's goal is to fund activities and improvements that provide a cleaner, safer, and more attractive and economically vibrant environment as outlined in Section 3. The goal of improving the economic vitality is achieved by improving the safety, cleanliness, and economic vitality of each specially benefitted parcel in an effort to increase commerce, to increase building occupancy and revenues, and to attract more customers, employees, tenants, investors and residents.

Specifically, each parcel specially benefits from each of the PBAD activities as defined below.

Environmental Activities

The enhanced cleaning and quality of life activities make the area more attractive for businesses, customers, residents, and ultimately private investment. When business location decisions are made, "lower levels of public safety lead to increased uncertainty in decision making and can be perceived as a signal of a socio-institutional environment unfavorable for investment. Uncertainty affects the investment environment in general. But in particular, it increases the fear of physical damage to investment assets (or to people) or their returns...Almost universally, places with lower crime rates are perceived as more desirable".¹ Once economic investment occurs within the district, pedestrian traffic and commercial activity will increase.

¹ "Accelerating economic growth and vitality through smarter public safety management" IBM Global Business Services Executive Report, September 2012, pg. 2

All parcels will specially benefit from these activities, such as:

- Clean and Quality of Life Ambassadors that provide a higher level of maintenance and safety to property residents, customers, employees and visitors as they pass through the district;
- Connecting the homeless to available resources;
- Removing graffiti from buildings to keep the aesthetic appeal uniform throughout the district;
- Maintaining sidewalks in front of each parcel creates a cohesive environment and allow pedestrians to move freely throughout the district.

Economic Enhancements

These activities are tied to and will specially benefit each assessed commercial parcel by encouraging business development and investment that generates customer traffic, which directly relates to increases in commercial activity, filling of vacant storefronts, offices and residential units and ultimately, increased business revenues from retail and office space. This is a benefit to the District because it works to improve the positive perception of the District. Decisions on where to shop, eat or conduct business are largely based on a perception of the place. If these activities were not communicated it would be a deterrent to pedestrian traffic, business and commerce.

All parcels (excluding residential, non-profit, government/school) will specially benefit from these activities, such as:

- Increased business development efforts that will attract new tenants and investment and promote mixed-use development that includes retail, office, and housing uses;
- Increased communication and marketing to highlight the economic development potential and unique characteristics of South Lincoln Boulevard to retain existing businesses and attract new and recurring visitors to live, eat, and work within the district;
- Funding for special projects that will enhance the aesthetic environment and placemaking to create a sense of community.

Residential, non-profit, and government/school parcels as discussed will not specially benefit from increased commercial activity associated with the marketing and economic development activities as well as the special projects. Therefore, these parcels will not be assessed for these services.

Special Benefit Conclusion

Based on the special benefits each assessed parcel receives from the PBAD activities, we concluded that each of the proposed activities provides special benefits to the real property within the district, and that each parcel's assessment is in direct relationship to and no greater than the special benefits received.

The special benefit to parcels from the proposed PBAD activities and improvements described in this report is equal to or exceeds the total amount of the proposed assessment. Each individual assessed parcel's assessment is no greater than the special benefit it receives from the PBAD activities.

General Benefit Analysis

As required by the State Constitution Article XIID Section 4(a), the general benefits of an assessment district must be quantified and separated out so that the cost of the activities that are attributed to general benefit are deducted from the cost assessed against each specially benefitted parcel. General benefits are benefits from the PBAD activities and improvements that are not special in nature, are not “particular and distinct”, and are not over and above the benefits that other parcels receive. This analysis will evaluate and determine the level of general benefits that (1) parcels inside of the PBAD, (2) parcels outside of the PBAD, and (3) the public at large may receive.

General Benefit to Parcels Inside of the PBAD

The PBAD provides funds for activities and improvements that are designed and created to provide special benefits to each individually assessed parcel within the District. Each individual assessed parcel will specially benefit from the cleaner and safer public rights-of-way and economic enhancements, thus 100% of the benefits conferred on these parcels are distinct and special in nature and that 0% of the PBAD activities provide a general benefit to parcels in the District boundary.

General Benefit to Parcels Outside of the PBAD

All the PBAD activities and improvements are provided solely to each of the individual assessed parcels in the South Lincoln PBAD boundary. Each of the PBAD activities is provided to the public rights-of-way (streets, sidewalks) adjacent to all specially benefitted parcels in the PBAD. In the case of the South Lincoln Boulevard PBAD the surrounding parcels are primarily residential. None of the surrounding parcels will directly receive any of the PBAD activities. Any benefits these parcels may receive are incidental to providing special benefits to the assessed parcels, and thus any cost associated to the incidental benefits are not reduced from the cost of providing special benefit.

General Benefit to the Public At Large

In addition to general benefit analysis to the parcels outside of the South Lincoln Boulevard PBAD boundary, there may be general benefits to the public at large, i.e., those people that are either in the PBAD boundary and not specially benefitted from the activities, or people outside of the PBAD boundary that may benefit from the PBAD activities. In the case of the South Lincoln Boulevard PBAD, the public at large are those people that are within the PBAD boundary that do not pay an assessment and do not specially benefit from the PBAD activities.

To calculate the general benefit the public at large may receive we determine the percentage of each PBAD activity budget that may benefit the general public. In this case, the economic enhancement activities are tailored to benefit and promote each assessed parcel and are not intended to benefit the general public. If there are any public benefits, they are incidental and collateral to providing special benefits to the assessed parcels.

By contrast, the environmental activities may benefit the general public to some degree, as the general public may appreciate the enhanced level of maintenance and security as it passes through the district. To quantify this, we first determine a general benefit factor for the environmental activities. The general benefit factor is a unit of measure that compares the special benefit that the assessed parcels receive compared to the general benefit that the general public receives. To determine the general benefit factor, we used previous districts that conducted intercept surveys in San Francisco (Union Square and West Portal) and Los Angeles (Historic Downtown, Leimert Park, Arts District, Downtown Industrial, Fashion District, and Sherman

Oaks). The intent of the surveys was to determine what percentage of the general public was just passing through the district without any intent to engage in commercial activity. The surveys concluded that on average 1.4% of the respondents were within the district boundary with no intent to engage in any business activity. Here, since the PBAD is designed to promote a business and residential climate that encourages development, investment, and commerce, it follows that the benefits received by these pedestrians do not translate to a special benefit to the assessed parcels. In other words, based on the results of these surveys it is reasonable to conclude that 1.4% of environmental activities provide general benefits. However, to be conservative and to account for any variance in district type, size and services provided, we applied a 5.0% general public benefit factor to account for these variances. The general benefit factor is then multiplied by the environmental activities percentage of the budget to determine the overall general benefit for the Clean and Safe activities. The general benefit factor is then multiplied by the District activity's budget percentage to determine the overall general benefit factor. The following table illustrates this calculation.

	A	B	C	D	E
ENV. ACTIVITY	Budget Amount	% of Budget	General Benefit Factor	General Benefit Percent (B x C)	General Benefit Allocation (A x D)
Clean/Quality of Life					
Ambassadors	\$225,000	64.29%	5.00%	3.2143%	\$7,232

This analysis indicates that \$7,232 of the environmental activities may be attributed to general benefit to the public at large, and must be raised from sources other than special assessments.

General Benefit Conclusion

Using the sum of the three measures of general benefit described above we find that \$7,232 or 2.07% of the total budget may be general in nature and will be funded from sources other than special assessments.

Assessment Calculation

In order to assess for the special benefit each parcel receives from the PBAD activities, two parcel characteristics are used to equitably allocate the cost of the PBAD activities to each specially benefitted parcel. The table below summarizes the assessable footages for the linear frontage and building square footage for each land use type:

Land Use	Linear FT	Building SF
Commercial	9,779	478,259
Res/NP/Govt/School	1,123	78,865
Total	10,902	557,124

Calculation of Assessments

Based on the land use type, assessable linear frontage and building square footage, and the proposed budget, all of which are discussed above, the first year’s maximum annual assessment rate for each parcel follows:

Land Use Rates	Frontage	Building
Commercial	\$16.3788	\$0.3261
Res/NP/Govt/School	\$9.9875	\$0.1954

Sample Parcel Assessments

To calculate the assessment for a commercial parcel with a 5,000 square foot building and 100 linear feet, the calculation is as follows:

Linear Frontage: 100 x \$16.3788 = \$1,637.88
 Building Sq. Ft.: 5,000 x \$0.3261 = \$1,630.50
 TOTAL ASSESSMENT: \$3,268.38

To calculate the assessment for a residential parcel with a 1,500 square foot building and 50 linear feet, the calculation is as follows:

Linear Frontage: 50 x \$9.9875 = \$499.38
 Building Sq. Ft.: 1,500 x \$0.1954= \$293.16
 TOTAL ASSESSMENT: \$792.53

The assessment calculation is the same for every parcel in the South Lincoln PBAD.

Annual Assessment Adjustments

Budget Adjustment

Annual assessments may increase no more than 5% per year, consistent with the increase in consumer price index (CPI) and increases in program costs. The determination of annual adjustments in assessment rates will be subject to the review and approval of the Owners’ Association of the South Lincoln Boulevard PBAD.

Time and Manner for Collecting Assessments

As provided by state law, the South Lincoln Boulevard PBAD assessment will appear as a separate line item on the annual Los Angeles County property tax bills, or by a special manual bill prepared by the District and either paid in one lump sum or in two equal installments. Laws for enforcement and collection of property taxes also apply to the PBAD assessment.

Disestablishment

State law provides for the disestablishment of a PBAD pursuant to an annual process. The 30-day period begins each year on the anniversary day that the City Council first establishes the District. Within this annual 30-day period, if the owners of real property who pay more than 40% of the assessments levied submit a written petition for disestablishment, the PBAD may be dissolved by the City Council. The City Council must hold a public hearing on the proposed disestablishment before voting on whether or not to disestablish the district.

Duration

The PBAD will have a ten-year term commencing January 1, 2021 through December 31, 2030. Any major modifications or new or increased assessments during the term of the district that are not consistent with the provisions of original Management District Plan will require a new mail ballot process.

Future Development

As a result of continued development, the District may experience the addition or subtraction of assessable footage for parcels included and assessed within the District boundaries. The modification of parcel improvements assessed within the District may then change upwards or downwards the amount of total footage assessment for these parcels, pursuant to Government Code 53750, will be prorated to the date they receive the temporary and/or permanent certificate of occupancy.

In future years, the assessments for the special benefits bestowed upon the included PBAD parcels may change in accordance with the assessment methodology formula identified in the Management District Plan and Engineer's Report provided the assessment rate does not change. If the assessment formula changes and causes an increase in assessments, then a Proposition 218 ballot will be required for approval of the formula changes.

SECTION 6: PBAD GOVERNANCE

City Council

Following the submission of petitions from property owners representing more than 40% of the assessments to be paid, the City Council, upon holding a public hearing on the proposed District, may elect to form the PBAD. The PBAD is formed by a City Council resolution, including the levy of an assessment on property, if the assessment is first approved by parcel owners in a balloting process.

PBAD Governance

Consistent with Business Assessment District legislation throughout the nation, California's "Property and Business Assessment District Law of 1994" establishes a governance framework that allows property owners who pay assessments the ability to determine how the assessments are used. This Management District Plan may be subject to changes if required by the state of California or the City of Santa Monica.

South Lincoln Boulevard PBAD

The South Lincoln Boulevard PBAD shall contract with a nonprofit organization that may act as the Owners' Association and governing board for the PBAD. The role of the Owners' Association is consistent with similar PBADs and management organizations throughout California and the nation. The Owners' Association determines budgets, assessment adjustments and monitors service delivery. As part of the Management Plan, the nonprofit organization oversees the delivery of day-to-day PBAD activities.

Pursuant to the State of California PBAD legislation, the Owners' Association Board of Directors is subject to disclosure and notification guidelines set by the Ralph M. Brown Act and California Public Records Act when conducting PBAD business.

The PBAD Owners' Association Board of Directors will represent a cross section of property owners found throughout the district. The goal and spirit of the board's composition is to have a majority of property owners, but also include representatives from businesses, government, and residents that pay PBAD assessments.

SECTION 7: IMPLEMENTATION TIMELINE

In order for the PBAD to meet the start-up date of July 1, 2020, the formation needs to adhere to the following schedule:

Formation Schedule	Dates
Petitions distributed to property owners	February 2019
Education campaign to obtain signed petitions: presentations, neighborhood meetings, 40% weighted vote targeting	February – May 2019
City Council accepts petitions; adopts resolution of intention to consider establishment; sets a public hearing; accepts the Engineer's Report; authorizes the mailing of ballots	May 14, 2019
City Council holds public hearing	July 9, 2019
City Council accepts certified election results tabulated by the City Clerk; Adopts Resolution Approving Engineer's Report and Levying Assessments; Directs Staff to return to Council for authorization to enter into agreements necessary to implement the PBAD	July 23, 2019