



Agenda Item #: _____

Staff Report

City of Manhattan Beach

TO: Honorable Mayor Fahey and Members of the City Council

THROUGH: Geoff Dolan, City Manager

FROM: Bruce Moe, Finance Director
Henry Mitzner, Controller

DATE: May 3, 2005

SUBJECT: Consideration of Resolutions Approving Assessment Engineer's Report for Annual Levy of Street Lighting Assessments for Fiscal Year 2005-2006, and Declaration of City Council Intention to Provide for Annual Levy and Collection of Assessments for Street Maintenance and Setting of Public Hearing for June 7, 2005.

RECOMMENDATION:

It is recommended that the City Council: a) adopt Resolution No. 5977 approving the Assessment Engineer's report for the annual levy of Street Lighting Assessments for the Fiscal Year 2005-2006, and b) adopt Resolution No. 5978 declaring City Council's intention to provide for the annual levy, collection of assessments and establishment of reserves for the Street Lighting and Landscaping Maintenance Fund and setting June 7, 2005 for the public hearing.

FISCAL IMPLICATION:

The assessment rates remain unchanged from fiscal year 2004-2005. The total assessment for fiscal year 2005-2006 in accordance with the Assessment Engineer report is \$379,058 and will be reflected in the proposed 2005-2006 budget.

BACKGROUND:

At the April 19, 2005 meeting, Council adopted Resolution 5974, which ordered the preparation of the Assessment Engineer's Report. This report, submitted by the firm of Berryman and Henigar, has been prepared in accordance with the Street Lighting and Landscaping Act of 1972. The method for the allocation of assessments, which remains unchanged from Fiscal Year 2004-2005, is discussed in Part D of the Engineer's Report.

DISCUSSION:

Assessments are levied on the basis of benefit. The basic unit for allocation of benefit is the single family home which is equal to one Equivalent Dwelling Unit (EDU). All other land use is converted into this measure based on dwelling units or lot size of the parcel.

The Engineer has established six zones of benefit to allocate assessments, five of which employ the EDU method of benefit measure. For zone 10, which includes certain downtown business properties,

the Assessment Engineer has determined that frontal footage is the best measure of benefit and uses the Adjusted Front Footage (AFF) basis.

The Assessment Engineer was supplied with revenue, cost estimates and estimated opening fund balance. The total assessment of \$379,058 is based on the final roll for fiscal 2004-2005. Upon receipt of the final roll for fiscal year 2005-2006, which will reflect parcel changes for the new fiscal year, Berryman & Hennigar will recalculate the total assessment using the rates as shown in the report. Based on history, the difference between the total assessment for the prior year and current year should be less than \$1,000.

The estimated ending fund balance is \$160,270 as of June 30, 2005. This amount plus assessments, General Fund contribution and interest earnings are available to fund expenditures for fiscal 2005-2006. The projected June 30, 2006 fund balance of \$146,956 equals 50% of the operating costs of zones 1 through 9 and represents a Maintenance Reserve as set forth in Street Lighting and Landscaping Act of 1972, allowing the fund to meet operating expenditures until first receipt of secured taxes in December.

The five-year fund balance forecast included in the proposed 2005-2006 budget indicates that the fund will continue to experience increasing deficits. As stated in the staff report of April 19, 2005, the proposed 2005-2006 budget will include a General Fund transfer of \$47,476 to cover Streetscape (zone 10) expenditures in excess of assessments for that zone. Unless assessments match expenditures for all zones, ongoing transfers will be needed. Any increase in assessments will require a Proposition 218 vote.

Subject to City Council approval of Resolutions 5977 and 5978, a public hearing will be held on June 7, 2005 after which City Council will be asked to adopt a resolution providing for the levy and collection of street lighting assessments and establishment of reserves for future projects. The assessments are collected via the consolidated property tax bills issued in October of each year.

The Engineer's Report is available in the City Clerk's Office for public review in advance of the public hearing.

- Attachments:
- A) Resolution No. 5977
 - B) Resolution No. 5978
 - C) Assessment Engineer's Report

RESOLUTION NO. 5977

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MANHATTAN BEACH, CALIFORNIA, PRELIMINARILY APPROVING THE ENGINEER'S "REPORT" FOR ANNUAL LEVY OF ASSESSMENTS FOR FISCAL YEAR 2005-2006 IN THE MAINTENANCE DISTRICT WITHIN SAID CITY

WHEREAS, pursuant to the provisions of Division 15, Part 2, of the Streets and Highways Code of the State of California being known as the "Landscaping and Lighting Act of 1972", this City Council did, by previous resolution, order the preparation of an Engineer's "Report" for the annual levy of assessments, consisting of plans and specifications, an estimate of the cost, a diagram of the maintenance district, and an assessment relating to what is now known and designated as LANDSCAPING AND STREET LIGHTING MAINTENANCE DISTRICT NO. 99 (hereinafter referred to as the "District"); and

WHEREAS, there now has been presented to this City Council the "Report" as required by Division 15 of the Streets and Highways Code, and as previously directed by resolution; and

WHEREAS, this City Council has now carefully examined and reviewed the "Report" as presented, and is satisfied with each and all of the items and documents as set forth therein and is satisfied that the assessment, on a preliminary basis, has been spread in accordance with the benefits received from the maintenance to be performed as set forth in said "Report."

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF MANHATTAN BEACH, CALIFORNIA, AS FOLLOWS:

SECTION 1. That the above recitals are all true and correct.

SECTION 2. That the "Report" as presented, consisting of the following:

- a. Plans and specifications;
- b. Estimate of cost;
- c. Diagram of the maintenance district;
- d. Assessment of the estimated cost.

is hereby approved on a preliminary basis and is ordered to be filed in the Office of the City Clerk as a permanent record and to remain open for public inspection.

SECTION 3. That the City Clerk shall certify to the passage and adoption of this Resolution and the minutes of this meeting shall so reflect the presentation of the Engineer's "Report."

SECTION 4. That this "Report," as above referenced, shall be applicable for the annual assessments for the fiscal year commencing July 1, 2005, and ending on June 30, 2006.

SECTION 5. That this Resolution is adopted pursuant to the provisions of Section 22623, et seq. of the Streets and Highways code of the State of California.

SECTION 6. The City Clerk shall make this Resolution reasonably available for public inspection within thirty (30) days of the date this Resolution is adopted.

SECTION 7. The City Clerk shall certify to the adoption of this Resolution and thenceforth and thereafter the same shall be in full force and effect.

PASSED, APPROVED AND ADOPTED this 3rd day of May, 2005.

Ayes:
Noes:
Absent:
Abstain:

Mayor, City of Manhattan Beach, California

ATTEST:

City Clerk

RESOLUTION NO 5978

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MANHATTAN BEACH, CALIFORNIA, DECLARING ITS INTENTION TO PROVIDE FOR ANNUAL LEVY AND COLLECTION OF ASSESSMENTS FOR CERTAIN STREET LIGHTING MAINTENANCE IN AN EXISTING MAINTENANCE DISTRICT, PURSUANT TO THE PROVISIONS OF DIVISION 15, PART 2, OF THE STREETS AND HIGHWAYS CODE OF THE STATE OF CALIFORNIA, AND SETTING A TIME AND PLACE FOR PUBLIC HEARING THEREON

WHEREAS, this City Council has previously formed a Lighting District pursuant to the provisions of Division 15, Part 2, of the Streets and Highways Code of the State of California, being the "Landscaping and Lighting Act of 1972", for a maintenance district to be known and designated as LANDSCAPING AND STREET LIGHTING MAINTENANCE DISTRICT NO. 99 (hereinafter referred to as the "District"); and

WHEREAS, there has been presented and preliminarily approved by the City Council, the Engineer's "Report" as required by law, and at this time, this City Council finally approves the "Report"; and

WHEREAS, at this time, this City Council is desirous of continuing with proceedings for the annual levy of assessments for the next ensuing fiscal year, to provide for the costs and expenses necessary for continued maintenance of improvements within said District.

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF MANHATTAN BEACH, CALIFORNIA, AS FOLLOWS:

SECTION 1. That the above recitals are all true and correct.

SECTION 2. Public Interest

- A. That the public interest and convenience requires, and it is the intention of this Council to undertake proceedings for the annual levy and collection of special assessments for the continual maintenance of certain lighting, all to serve and benefit said District as said area is shown and delineated on a map as previously approved by this City Council and on file in the office of the City Clerk, open to public inspection, and herein so referenced and made a part hereof.
- B. That the improvements to be maintained are substantially the same as for the previous fiscal year and reference is hereby made to said proceedings, and there are not substantial changes proposed to be made in any existing improvements or maintenance thereof.
- C. That in all zones within the District, except Zone 10, the costs of street lighting for the 2005-2006 year shall be allocated to property owners within the District based upon an Equivalent Dwelling Unit parcel method more completely described in the "Report". In Zone 10, the cost will continue to be allocated using the adjusted front footage method.

SECTION 3. Report. That the "Report" of the Engineer regarding the annual levy for said District, which "Report" is for the maintenance for the fiscal year 2005-2006 is hereby approved and is directed to be filed in the office of the City Clerk.

SECTION 4. Assessment. That the public interest and convenience requires, and it is the intention of this City Council to order the annual assessment levy for the District as set forth and

described in said Engineer's "Report", and further it is determined to be within the best public interest and convenience to levy and collect annual assessments to pay the costs and expenses of said maintenance and improvements as estimated in said "Report".

SECTION 5. Description of Maintenance. The assessments which are to be levied and collected shall be for the maintenance of certain lighting as set forth in the Engineer's "Report" referenced and incorporated herein.

SECTION 6. County Auditor. The County Auditor shall enter on the County Assessment Roll the amount of the assessments and shall collect said assessments at the time and in the same manner as county taxes are collected. After collection by the County, the net amount of the assessment, after the deduction of any compensation due to the County for collection, shall be paid to the Treasurer for purposes of paying for the costs and expenses of said District.

SECTION 7. Special Funds. That all monies collected shall be deposited in the previously established fund known as STREET LIGHTING FUND. Payment shall be made out of said fund only for the purpose provided for in this Resolution, and in order to expedite the making of this maintenance and improvement, the City Council may transfer into said special fund, money from any available source, such funds as it may deem necessary to expedite the proceedings. Any funds shall be repaid out of the proceeds of the assessments provided for in this Resolution.

SECTION 8. Boundaries of District. Said contemplated maintenance work is, in the opinion of this City Council, of direct benefit to the properties within the boundaries of the District, and this City Council makes the costs and expenses of said maintenance chargeable upon the District, which District said City Council hereby declares to be the District benefited by said improvements and maintenance, and to be further assessed to pay the costs and expenses thereof. Said District shall include each parcel of land within the boundaries of said District as said District is shown in a map as approved by this City Council and on file in the Office of the City Clerk and so designated by the name of the District.

SECTION 9. Public Property. Any lot or parcels of land known as public property, as the same are defined in Section 22663 of Division 15, Part 2, of the Streets and Highways Code of the State of California, which are included within the boundaries of the Maintenance District, shall be omitted and exempt from any assessment to be made under these proceedings to cover any of the costs and expenses of said maintenance work.

SECTION 10. Public Hearing. NOTICE IS HEREBY GIVEN THAT ON THE 7th DAY OF JUNE 2005, AT THE HOUR OF 6:30 P.M. IN THE CITY COUNCIL CHAMBERS OF MANHATTAN BEACH CITY HALL LOCATED AT 1400 HIGHLAND AVENUE, MANHATTAN BEACH, CALIFORNIA, THE MANHATTAN BEACH CITY COUNCIL SHALL CONDUCT A HEARING OF PROTESTS OR OBJECTIONS IN REFERENCE TO THE ANNUAL LEVY OF MAINTENANCE ASSESSMENTS, TO THE EXTENT OF THE MAINTENANCE, AND ANY OTHER MATTERS CONTAINED IN THIS RESOLUTION. ANY PERSONS WHO WISH TO OBJECT TO THE PROCEEDINGS FOR THE ANNUAL LEVY SHOULD FILE A WRITTEN PROTEST WITH THE CITY CLERK PRIOR TO THE TIME SET AND SCHEDULED FOR SAID PUBLIC HEARING.

SECTION 11. Notice. The City Clerk is hereby authorized and directed to publish a copy of this resolution in the Beach Reporter, a newspaper of general circulation within said City, pursuant to Government Code Section 6061, said publication being not less than ten (10) days before the date for said Public Hearing.

SECTION 12. Effective Date. That this Resolution shall take effect immediately upon its adoption.

SECTION 13. Proceedings Inquiries. For any and all information relating to the proceedings, protest procedure, any documentation and/or information of a procedural or technical nature, your attention is directed to the below listed person at the local agency or department so designated.

HENRY MITZNER
CONTROLLER
FINANCE DEPARTMENT
CITY OF MANHATTAN BEACH
(310) 802-5563

SECTION 14. The City Clerk shall make this Resolution reasonably available for public inspection within thirty (30) days of the date this Resolution is adopted.

SECTION 15. The City Clerk shall certify to the adoption of this Resolution and thenceforth and thereafter the same shall be in full force and effect.

PASSED, APPROVED AND ADOPTED this 3rd May, 2005.

Ayes:
Noes:
Absent:
Abstain:

Mayor, City of Manhattan Beach, California

ATTEST:

City Clerk

**LANDSCAPING AND STREET LIGHTING
MAINTENANCE ASSESSMENT DISTRICT**

ENGINEER'S REPORT

FISCAL YEAR 2005-06

FOR THE

**CITY OF
MANHATTAN BEACH**

Prepared by:



Berryman & Henigar

MAY 4th, 2005

ENGINEER'S REPORT

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ENGINEER'S REPORT

CERTIFICATES

The undersigned, acting on behalf of Bureau Veritas/Berryman & Henigar, respectfully submits the enclosed report as directed by the City Council.

Dated: May 4th, 2005

BY: William E. Stracker, P.E.
R.C.E. No. 25082

I HEREBY CERTIFY that the enclosed Engineer's Report, together with Assessment Roll thereto attached, was filed with me on the ____ day of _____, 2005.

City Clerk of the City of Manhattan Beach
Los Angeles County, California

By _____

I HEREBY CERTIFY that the enclosed Engineer's Report, together with Assessment Roll thereto attached, was approved and confirmed by the City Council of the City of Manhattan Beach, California, on the ____ day of _____, 2005.

City Clerk of the City of Manhattan Beach
Los Angeles County, California

By _____

medians, parkways and adjacent to certain public facilities in and along certain streets, rights-of-way and designated lots.

The installation of landscaping and lighting systems and the construction of the necessary appurtenant facilities is the responsibility of the property owner/applicant, triggered by the approval of a development application.

The City may cause the installation by property owners directly, or accept financial arrangements for installation of these facilities as provided for by the City's ordinances and regulations. When on any given street of the approved system, a majority of the required facilities have been provided, but gaps exist, and it has been determined that these facilities in front of, or adjacent to certain already developed properties, are required to bridge missing gaps, and/or where the future development or redevelopment of existing property is not likely to occur in a foreseeable future, the City Council may deem it appropriate to retrofit such missing gaps pursuant to the provisions of the Landscaping and Lighting Act of 1972.

The servicing, operation, maintenance, repairs and replacement of the landscaping, lighting and appurtenant facilities in turn becomes the responsibility of the benefiting properties.

The City is presently administering one Landscaping Zone within the District.

The City of Manhattan Beach is administering a lighting system for the benefit of all parcels of land within the City. The lighting benefit is directly related to public safety and property protection. These benefits have been studied widely, locally, regionally and nationally.

Servicing and administration of the City's Landscaping and Lighting maintenance program will be accomplished according to the provisions of the Landscaping and Lighting Act of 1972.

This Report is being prepared to facilitate the renewal of the existing district.

Payment for the assessment for each parcel will be made in the same manner and at the same time as payments are made for property taxes for each Property.

This report contains the necessary data required to conduct the proceedings and is submitted to the Clerk of the City for filing.

FISCAL YEAR 2005-06

CITY OF MANHATTAN BEACH

**ENGINEER'S REPORT PREPARED PURSUANT TO THE PROVISIONS OF THE
LANDSCAPING AND LIGHTING ACT OF 1972
SECTION 22500 THROUGH 22679
OF THE CALIFORNIA STREETS AND HIGHWAYS CODE**

Pursuant to Part 2 of Division 15 of the Streets and Highways Code of the State of California, and in accordance with the Resolution of Initiation, adopted by the Council of the City of Manhattan Beach, State of California, in connection with the proceedings for:

**CITY OF MANHATTAN BEACH
LANDSCAPING AND STREET LIGHTING MAINTENANCE ASSESSMENT DISTRICT**

herein after referred to as the "Assessment District", I, William E. Stracker, P.E., authorized representative of Bureau Veritas/Berryman & Henigar, the duly appointed ENGINEER OF WORK, submit herewith the "Report" consisting of six (6) parts as follows:

PART A

Plans and specification for the improvements are as set forth on the lists thereof, attached hereto, and are on file in the Office of the Clerk of the City and are incorporated herein by reference.

PART B

An estimate of the cost of the proposed improvements, including incidental costs and expenses in connection therewith, is as set forth on the lists thereof, attached hereto, and are on file in the Office of the Clerk of the City.

PART C

An assessment of the estimated cost of the improvements on each benefited lot or parcel of land within the Assessment District.

PART D

The method of apportionment of assessments, indicating the proposed assessment of the total amount of the costs and expenses of the improvements upon the several lots and parcels of land within the Assessment District, in proportion to the estimated benefits to be received by such lots and parcels. The Assessment Roll is filed in the office of the City Clerk of the City of Manhattan Beach and by reference is made a part hereof.

PART E

A list of the names and addresses of the owners of real property within this Assessment District, as shown on the last equalized roll of the Assessor of the County of Los Angeles. The list is keyed to the records of the Assessor of the County of Los Angeles which are incorporated herein by reference.

PART F

The Diagram of the Assessment District Boundaries showing the exterior boundaries of the Assessment District, the boundaries of any zones within the Assessment District and the lines and dimensions of each lot or parcel of land within the Assessment District is on file in the office of the City Clerk and incorporated herein by reference. The lines and dimensions of each lot or parcel within the Assessment District are those lines and dimensions shown on the maps of the Assessor of the County of Los Angeles for the year when this Report was prepared. The Assessor's maps and records are incorporated by reference herein and made part of this Report.

**PART A
PLANS AND SPECIFICATIONS**

The installation of planting, landscaping, irrigation systems, lighting and the construction of appurtenant facilities to be operated, serviced and maintained, is more specifically described herein whereas, the landscaping and lighting facilities have been and/or will be provided by developers as a condition of subdivision of land, and in commercial areas, are part of the Conditional Use review and approval process. The facilities to be maintained and serviced are more generally described as follows:

**DESCRIPTION OF IMPROVEMENTS FOR
THE CITY OF MANHATTAN BEACH
LANDSCAPING & STREET LIGHTING MAINTENANCE ASSESSMENT DISTRICT
FOR FISCAL YEAR 2005-06**

The proposed improvements for FY 2005-06 may be generally described as the continued maintenance and operation of streets and sidewalks within the District, including the operation, servicing and maintenance of landscaping, lighting and appurtenant facilities that are located in and along such streets and sidewalks, including but not limited to, personnel, electrical energy, utilities such as water, materials, contracting services, and other items necessary for the satisfactory operation of these services described as follows:

- Landscaping

Landscaping, planting, shrubbery, trees, turf, irrigation systems, entry monuments, hardscapes, walls, fencing, drainage detention facilities, drainage structures, including percolation wells and appurtenant facilities in public street and sidewalk rights-of-way and easements, including parkways and medians, within the proposed boundary of said Assessment District.

- Lighting

Poles, fixtures, bulbs, conduits, equipment including guys, anchors, posts and pedestals, metering devices and appurtenant facilities as required to provide lighting in public street and sidewalk rights-of-way and easements, including parkways and medians, within the proposed boundaries of said Assessment District, both gas and electric.

Maintenance means the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of the landscaping, public lighting facilities, and appurtenant facilities, including repair, removal or replacement of all or part of any of the landscaping, public lighting facilities, or appurtenant facilities; providing for the life, growth, health and beauty of the landscaping, including cultivation, irrigation, trimming, spraying, fertilizing and treating for disease or injury; the removal of trimmings, rubbish, debris and other solid waste; and the cleaning, sandblasting, and painting of walls and other improvements to remove or cover graffiti.

Servicing means the furnishing of water for the irrigation of the landscaping and the maintenance of any of the public lighting facilities, or appurtenant facilities and the furnishing of electric current or energy, gas or other illuminating agent for the public lighting facilities, or for the lighting or operation of the landscaping, or appurtenant facilities.

The plans and specifications for the improvements, showing the general nature, location, and the extent of the improvements, are on file in the office of the City Clerk and are incorporated herein by reference.

**PART B
ESTIMATE OF COST**

The estimated cost of the operation, servicing and maintenance of the street and sidewalk improvements for fiscal year 2005-06, as described in Part A, are summarized herein and described below. All costs include administration and utilities where applicable.

Lighting (Zones 1-9)	FY 05-06
Operation, Maintenance and Incidentals	\$ 293,912
Lighting and Landscaping (Zone 10)	
Operation, Maintenance and Incidentals	\$ 156,936
City Contribution from General Fund to Zone 10	\$ (47,476)
Cashflow Reserves (projected as of 30-June-2006)	\$ 146,956
Pursuant to Streets & Highways Code Section 22569(a)	
Interest	\$ (4,000)
Interest and Prior Year Delinquency Collections	\$ (7,000)
Surplus Carryover from FY 2004-05 (projected as of 1-Jul-05)	\$ (160,270)
ASSESSMENT FOR FY 2005-06:	\$ 379,058

The 1972 Act requires that a special fund be set-up for the revenues and expenditures of the District. Funds raised by assessment shall be used only for the purpose as stated herein. A cashflow reserve is provided to ensure funding of the operation and maintenance activities prior to the City receiving the assessment funds through the property tax collection process. Section 22569(a) of the Streets and Highways Code specifically permits the inclusion of a reserve for this purpose equal to roughly half of the annual operation and maintenance costs. A contribution to the District by the City may be made to reduce assessments, as the City Council deems appropriate. Any balance or deficit remaining on July 1 must be carried over to the next fiscal year.

**PART C
ASSESSMENT ROLL**

The assessment set forth for each parcel is shown on the Assessment Roll for the District, submitted separately, as "Part C - Assessment Roll for City of Manhattan Beach, Landscaping and Street Lighting Maintenance Assessment District, Fiscal Year 2005-06", which exhibit is incorporated by reference herein and is on file in the office of the City Clerk.

The Assessment Roll lists all parcels within the boundaries of the District as shown on the Assessment Diagram, Part F herein, and on the last equalized roll of the Assessor of the County of Los Angeles, which is by reference made part of this report.

Assessments are not levied within the area upon public streets and other public properties, utility easements, right-of-way, public schools, public parks, and common areas.

PART D
METHOD OF APPORTIONMENT OF ASSESSMENT

GENERAL

Part 2 of Division 15 of the Streets and Highways Code, the Landscaping and Lighting Act of 1972, permits the establishment of assessment districts by cities for the purpose of providing certain public improvements which include construction, operation, maintenance and servicing of street lights, traffic signals, parks and landscaping.

The 1972 Act requires that maintenance assessments be levied according to benefit rather than according to assessed value. Section 22573 provides that:

The net amount to be assessed upon lands within an assessment district may be apportioned by any formula or method which fairly distributes the net amount among all assessable lots or parcels in proportion to the estimated benefit to be received by each such lot or parcel from the improvements.

The Act permits the designation of zones of benefit within any individual assessment district if "by reasons or variations in the nature, location, and extent of the improvements, the various areas will receive different degrees of benefit from the improvement" (Sec. 22547). Thus, the 1972 Act requires the levy of a true "benefit assessment" rather than a "special tax."

Excepted from the assessment would be the areas of all publicly owned property in use in the performance of a public function.

METHODOLOGY

ZONES OF BENEFIT

The Assessment District previously consisted of 10 zones of benefit; however, Zones 2, 3, 4 and 8 have been combined with and into Zone 1, as these parcels receive similar types of street lighting levels and service. Therefore, the Assessment District currently consists of six (6) zones of benefit, as described as follows:

ZONE 1 - Includes the majority of parcels within the City which have standard levels and types of street lighting.

ZONE 5 - Properties utilizing natural gas lighting.

ZONE 6 - Properties on the Strand.

ZONE 7 - Properties on walkway streets in the area bounded by 15th Street on the south, 21st Street on the north, Ocean Drive on the west and Live Oak Park on the east.

ZONE 9 - Tract No. 44884, Arbolado Tract.

ZONE 10 - Business properties on Manhattan Beach Boulevard from the Strand to Valley Drive, Highland Avenue from 11th Street to 15th Street and Manhattan Avenue from 8th Street to 13th Street.

EQUIVALENT DWELLING UNITS

The Equivalent Dwelling Unit method uses the single family home as the basic unit of assessment. A single family home equals one Equivalent Dwelling Unit (EDU). Every other land-use is converted to EDU's based on an assessment formula appropriate for the City. Multi-family and condominium parcels are converted to EDU's based on the number of dwelling units on each parcel of land; Commercial and Industrial parcels are converted to EDU's based on the lot size of each parcel of land.

Single Family Residential. The single family parcel has been selected as the basic unit for calculation of the benefit assessments. This basic unit shall be called an Equivalent Dwelling Unit (EDU). Parcels designated as single family residential per the Los Angeles County land-use code are assessed 1 EDU.

Multiple Residential. Multiple family uses, as well as condominiums, are given a factor of .80 EDU per dwelling unit. Based on data from representative cities in Southern California, the multiple residential factor of 80 percent is determined by the statistical proportion of relative trip generation from various types of residential uses, in combination with population density per unit.

Commercial/Industrial. Commercial/Industrial properties are designated as commercial, industrial, recreational, institutional or miscellaneous uses per the Los Angeles County land-use codes. In converting improved Commercial/Industrial properties to EDUs, the factor used is the City of Manhattan Beach's highest requirement for a single family residential lot, which is 1 dwelling unit per 7,500 square feet, or 5.808 dwelling units per acre. The Commercial/Industrial parcels will be assessed 5.808 EDU for the first acre or any portion thereof, and then 25% of 5.808 EDUs (1.4520) for every additional acre or portion thereof, as the utilization of that portion of non-residential property greater than one acre is reduced and will be treated as vacant land. The minimum number of EDUs per parcel will be 1 EDU.

Vacant Property

Vacant property is described as parcels with no improved structures. Because property values in a community are increased when public infrastructure are in place, improved, operable, safe, clean and maintained, all properties, including vacant parcels, receive benefits based on their land, as this is the basis of their value. Based upon the opinions of professional appraisers, appraising current market property values for real estate in Southern California, the land value portion of a property typically ranges from 20 to 30 percent; in Manhattan Beach, we find that the average is about 50 percent. Additionally, the utilization of vacant property is significantly less than improved property and vacant property has a traffic generation rate of 0. Therefore, we recommend that vacant property be assessed at the rate of 25 percent of improved property.

Vacant Residential. Parcels defined as single family residential parcels which do not have structures on the parcels are assessed 25% of a single family dwelling. The parcels will be assessed 0.25 EDU per parcel.

Vacant Non-Residential. Parcels defined as parcels which are not single family residential and which do not have structures on the parcel are assessed based upon the acreage of the parcel. The parcels will be assessed at the rate of 25% of the developed non-residential properties, or 1.4520 EDU per acre or any portion thereof, with a minimum of .25 EDU per parcel.

Exempt. All publicly owned property and utility rights-of-way are exempt from assessment. Also excepted from assessment is the residential area bounded by Village Drive, Marine Avenue, Redondo Avenue, and Park View Avenue, which has all private streets.

The land-use classification for each parcel has been based on the 2005-06 Los Angeles County Assessor's Roll.

ZONE 10

The Zone 10 improvements maintained and operated by the District consist of a higher level of landscaping and lighting facilities than are found in other parts of the City. These facilities increase the aesthetic appeal of the area and promote business in the downtown area. Front footage is the best approach for this type of improvement, as each parcel's benefit is proportional to its frontage along the improved street. Therefore, it is recommended that the assessments for Zone 10 be on an Adjusted Front Footage (AFF) basis.

BENEFIT DETERMINATION

Landscaping. Trees, landscaping and parks, if well maintained, provide beautification, shade and enhancement of the desirability of the surroundings, and therefore increase property value.

The landscaping maintenance provided by the District is deemed to benefit business properties on Manhattan Beach Boulevard, Highland Avenue and Manhattan Avenue, which are designated as Zone 10.

Lighting. Street lighting is for the benefit of all parcels within the District as all property in the City derive benefit from the convenience, safety and protection of people and property they provide.

INVENTORY OF PARCELS

The following information was obtained from the Los Angeles County Assessor's Roll, Assessor's Parcel Maps, and the City of Manhattan Beach's Community Development Department.

Land-Use	Parcels	Dwelling Units	Acres
0. Exempt	716	---	---
1. Single Family Residential (SFR) Parcels	9,190	9,185	---
2. Multi-Family Residential Parcels	1,584	4,463	---
3. Commercial/Industrial	1,323	---	282.09
4. Vacant Residential Parcels	97	---	---
5. Vacant Commercial/Industrial Parcels	18	---	1.971
Totals:	12,928	13,648	284.06

ZONES 1-9

The distribution of EDUs per Zone is as follows:

Zone	1	5	6	7	9
EDUs	13,275.38	389.00	410.25	406.10	18.40

ASSESSMENTS

Budget Apportionment

Operation and Maintenance	\$ 293,912
Cashflow Reserves (projected as of 30-June-06) pursuant to Streets & Highways Code Section 22569(a)	\$ 146,956
Interest	\$ (4,000)
Prior Year Delinquency Collections	\$ (5,015)
Surplus Carryover from FY 2004-05(projected as of 1-Jul-05)	\$ (160,270)
Total to Assessment	\$ 271,583

The specific percent budget allocations which were previously established have been maintained for zones 1 through 9. This is shown more clearly in the table below.

To calculate Assessment Rates, the budget for each zone is divided by the number of EDUs in the zone.

ASSESSMENT RATE CALCULATIONS					
ZONE	% Budget Zones 1-9	FY 05-06 Budget	EDUs	FY 05-06 Asmt Rate \$/EDU	FY 04-05 Asmt Rate \$/EDU
1 Std Lighting	83.25%	\$226,079.64	13,275.38	\$17.03 / EDU	\$17.03 / EDU
5 Gas Light Area	12.47%	\$33,874.12	389.00	\$87.08 / EDU	\$87.08 / EDU
6 The Strand	1.59%	\$4,315.83	410.25	\$10.52 / EDU	\$10.52 / EDU
7 Walkway Streets	1.62%	\$4,385.88	406.10	\$10.80 / EDU	\$10.80 / EDU
9 Arbolado Tract	1.07%	\$2,905.91	18.40	\$157.93 / EDU	\$157.93 / EDU
Total Assessments	100.00%	\$271,561.38	* Difference (page 12) due to rounding		

Zone 10

Zone 10: The following is the budget apportionment for Zone 10.

Operation and Maintenance	\$	156,936
City Contribution from General Fund	\$	(47,476)
Prior Year Delinquency Collections	\$	(1,985)
Cashflow Reserves (projected as of 30-June-06) pursuant to Streets & Highways Code Section 22569(a)	\$	-
Surplus Carryover from FY 2004-05 (projected as of 1-Jul-05)	\$	-
Total	\$	107,475

Sample calculations for various zones and land-use types have been provided below.

ASSESSMENT RATE CALCULATIONS				
ZONE	FY 05-06 Budget	AFF	FY 05-06 Asmt Rate \$/AFF	FY04-05 Asmt Rate \$/AFF
10 Business Area	\$ 107,475	4,822	\$22.291 / AFF	22.291 / AFF

SAMPLE CALCULATIONS

ZONE 1 - Standard Lighting		EDU	FY 05-06 Asmt
Single Family Residential		1.0	\$17.03
Condominium		0.8	\$13.62
Vacant Residential		0.25	\$4.26
Multi-Family Residential	Duplex	1.6	\$27.25
	Triplex	2.4	\$40.87
Commercial/Industrial	¼ acre	1.425	\$24.27
	½ acre	2.904	\$49.46
	1 acre	5.808	\$98.91
Vacant Commercial/Industrial	¼ acre	0.363	\$6.18
	½ acre	0.726	\$12.36
ZONE 5 - Gas Light Area			
Single Family Residential		1.0	\$87.08
Condominium		0.8	\$69.66
Vacant Residential		0.25	\$21.77
Multi-Family Residential	Duplex	1.6	\$139.33
	Triplex	2.4	\$208.99
ZONE 6 - The Strand			
Single Family Residential		1.0	\$10.52
Condominium		0.8	\$8.42
Vacant Residential		0.25	\$2.63
Multi-Family Residential	Duplex	1.6	\$16.83
	Triplex	2.4	\$25.25
	4-plex	3.2	\$33.66
	10-unit Apt	8.0	\$84.16
ZONE 7 - Walkway Streets			
Single Family Residential		1.0	\$10.80
Condominium		0.8	\$8.64
Vacant Residential		0.25	\$2.70
Multi-Family Residential	Duplex	1.6	\$17.28
	Triplex	2.4	\$25.92
ZONE 9 - Arbolado Tract			
Condominium		0.8	\$126.34

**PART E
PROPERTY OWNER LIST**

A list of names and addresses of the owners of all parcels within this District is shown on the last equalized Property Tax Roll of the Assessor of the County of Los Angeles, which by reference is hereby made a part of this report. This list is keyed to the Assessor's Parcel Numbers as shown on the Assessment Roll on file in the office of the City Clerk of the City of Manhattan Beach.

**PART F
ASSESSMENT DIAGRAM**

An Assessment Diagram for the Assessment District has been submitted to the Clerk of the City. The lines and dimensions of each lot or parcel within the Assessment District are those lines and dimensions shown on the maps of the Assessor of the County of Los Angeles, for the year when this Report was prepared, and are incorporated by reference herein and made part of this Report.