

MOUNTAINS RECREATION AND CONSERVATION AUTHORITY

July 2, 2008 – Agenda Item V(d)

**MOUNTAINS RECREATION AND
CONSERVATION AUTHORITY**

**SANTA MONICA MOUNTAINS OPEN SPACE PRESERVATION
ASSESSMENT DISTRICT No. 2**

ENGINEER'S REPORT

MAY 2008

FISCAL YEAR 2008-09

ENGINEER OF WORK:
SCIConsultingGroup
4745 MANGELS BOULEVARD
FAIRFIELD, CALIFORNIA 94534
PHONE 707.430.4300
FAX 707.430.4319
www.sci-cg.com



TABLE OF CONTENTS

INTRODUCTION	2
CERTIFICATES	3
ASSESSMENT	4
WORK AND IMPROVEMENTS	6
DESCRIPTION OF WORK AND IMPROVEMENTS	6
ACQUISITION AREAS	7
OPEN SPACE PROPERTIES	7
ESTIMATE OF COSTS AND BUDGET	10
ESTIMATE OF COSTS	10
METHOD OF ASSESSMENT APPORTIONMENT	13
METHOD OF APPORTIONMENT	13
ACQUISITION CRITERIA AND POLICIES	20
MAINTENANCE POLICIES	22
GENERAL VERSUS SPECIAL BENEFIT	22
ASSESSMENT APPORTIONMENT	24
METHOD OF ASSESSMENT	24
ASSESSMENT DIAGRAM	29
ASSESSMENT ROLL (SPREAD OF COSTS)	33
EXHIBIT A – OPEN SPACE PROPERTIES BY ACQUISITION AREA	34
END NOTES	39

INTRODUCTION

The Mountains Recreation and Conservation Authority (“MRCA” or the “Authority”) is a joint powers authority formed between the Santa Monica Mountains Conservancy (SMMC), the Conejo Recreation and Park District and the Rancho Simi Recreation and Park District. The MRCA’s mission is to strategically buy, preserve, protect, restore and enhance treasured pieces of Southern California to form an interlinking system of urban, rural, and river parks; open space; trails; and wildlife habitats that are easily accessible to the general public.

With the SMMC, MRCA currently owns and manages over 41,000 acres of parkland spread throughout Los Angeles County and parts of Ventura County. The MRCA, pursuant to its mission statement to preserve for urban and public use open space lands, seeks to establish an Assessment District in the eastern portion of the Santa Monica Mountains and Hollywood Hills for the purposes of acquiring open space, nature and parklands and maintaining such lands by such services as regularly clearing brush to reduce fire hazards.

This Engineer’s Report (“Report”) was prepared to establish the estimated costs for the open space preservation acquisitions, improvements and maintenance services (collectively the “Improvements”) that are funded by the proposed assessments of the Santa Monica Mountains Open Space Preservation Assessment District No. 2 (the “Assessment District”), and to determine the special benefits received from the Improvements within the Assessment District and the method of assessment apportionment to lots and parcels within the Assessment District. This Report and the proposed assessments have been made pursuant to the Municipal Improvement Act of 1913 (the “1913 Act”), the Improvement Bond Act of 1915 (the “1915 Act”), the Special Assessment Investigation, Limitation and Majority Protest Act of 1931 (the “1931 Act”) and Article XIID of the California Constitution (the “Article”).

CERTIFICATES

1. The undersigned respectfully submits the enclosed Engineer's Report as directed by the Governing Board of the Mountains Recreation and Conservation Authority.

By, _____
John W. Bliss, License No. C052091

2. I, the Clerk of the Board, Mountains Recreation and Conservation Authority, County of Los Angeles, California, hereby certify that the enclosed Engineer's Report, together with the Assessment and Assessment Diagram thereto attached, was filed and recorded with me on _____, 2008.

Clerk of the Board

3. I, the Clerk of the Board, Mountains Recreation and Conservation Authority, County of Los Angeles, California, hereby certify that on _____, 2008, the Assessment in this Engineer's Report and the Assessment Diagram attached, all as confirmed and approved by the Governing Board of the Mountains Recreation and Conservation Authority were recorded in the office of the official of the Mountains Recreation and Conservation Authority who is the Engineer of the Mountains Recreation and Conservation Authority.

Clerk of the Board

4. I, the Clerk of the Board, Mountains Recreation and Conservation Authority, County of Los Angeles, California, hereby certify that on August 13, 2003, A Notice of Assessment was recorded and the Assessment Diagram was filed in the office of the County Recorder of the County of Los Angeles, California.

Clerk of the Board

5. I, the Clerk of the Board, Mountains Recreation and Conservation Authority, County of Los Angeles, California, hereby certify that on August 13, 2003, a certified copy of the Assessment and Assessment Diagram were recorded in the Office of the Superintendent of Streets of the City of Los Angeles, California.

Clerk of the Board

ASSESSMENT

WHEREAS, on June 24, 2002, the Governing Board (“Board”) of the Authority, State of California, under the Municipal Improvement Act of 1913 (the “1913 Act”), adopted its Resolution of Intention to Make Acquisitions and Improvements (the “Resolution of Intention”) for the acquisition and improvement of the public open space lands and maintenance services for them (collectively, the “Improvements”) more particularly therein described in and for the Assessment District;

WHEREAS, with respect to the Improvements, the Resolution of Intention directed the undersigned to make and file a report presenting a general description of any works and appliances already installed and any other property necessary or convenient for the operation of the Improvements, plans and specifications for the proposed construction, estimate of costs, maps and descriptions of lands and easements to be acquired, and diagram and assessment of and upon the subdivisions of land within the Assessment District, to which Resolution and the description of the Improvements therein contained reference is hereby made for further particulars;

NOW, THEREFORE, the following assessment is made to cover the portion of the estimated cost of the Improvements and the costs and expenses incidental thereto to be paid by the assessments:

SUMMARY COST ESTIMATE

Cost of Acquisitions/Improvements	\$15,413,994
Incidental Expenses	\$1,905,065
TOTAL COST	<u>\$17,319,059</u>
Less:	
Contributions	(\$4,154,059)
BALANCE TO ASSESSMENT	<u><u>\$13,165,000</u></u>

Annual Brush Clearing & Maintenance	\$115,525
-------------------------------------	-----------

I do hereby assess and apportion the Balance to Assessment of the Total Cost of the acquisitions, work and improvements upon the several lots, pieces or parcels or portions of lots or subdivisions of land liable therefore and benefited thereby, and hereinafter numbered to correspond with the numbers upon the Assessment Diagram incorporated herein, upon each, severally and respectively, in accordance with the benefits to be received by such subdivisions, respectively, from the Improvements, and more particularly set forth in the Assessment Roll hereto attached and by reference made a part hereof.

I do hereby assess and apportion the annual costs of the Improvements consisting of the brush clearing and other maintenance upon the several lots, pieces or parcels or portions

of lots or subdivisions of land liable therefore and benefited thereby, and hereinafter numbered to correspond with the numbers upon the Assessment Diagram incorporated herein, upon each, severally and respectively, in accordance with the benefits to be received by such subdivisions, respectively, from the maintenance, and more particularly set forth in the list hereto attached and by reference made a part hereof. Such maintenance costs are incurred annually in order to maintain the level of benefit to the assessed parcels.

The assessments are made upon the several subdivisions of land within the Assessment District in proportion to the estimated special benefits received by the subdivisions, respectively, from the Improvements. An Assessment Diagram is incorporated herein showing the Assessment District and also the boundaries and dimensions of the respective subdivisions of land within the Assessment District as the same existed at the time of the passage of the Resolution of Intention, each of which subdivisions having been given a separate number upon the Assessment Diagram. The distinctive number of each parcel or lot of land in the said Assessment District is its Assessor Parcel Number appearing on the Assessment Roll and Assessment Diagram.

Each subdivision of land assessed is described in the Assessment Roll contained herein by reference to its parcel number as shown on the Assessor's Maps of the County of Los Angeles for the fiscal year 2008-2009 and includes all of such parcels excepting those portions thereof within existing public roads or right of way for public road purposes. For a more particular description of said property, reference is hereby made to the deeds and maps on file and of record in the office of the County Recorder of the County of Los Angeles.

Notice is hereby given that serial and/or term improvement bonds that represent unpaid assessments and bear interest at the rate of not to exceed the maximum rate of 4.4000% as authorized by applicable law at the time of sale of such bonds, have been issued by the Authority in the manner provided by Division 10 of the Streets and Highways Code, the 1915 Act, and the last installment of such bonds shall mature not to exceed thirty (30) years September 2, 2033.

Dated: May 21, 2008

Engineer of Work

By, _____
John W. Bliss, License No. C052091

WORK AND IMPROVEMENTS

DESCRIPTION OF WORK AND IMPROVEMENTS

The Mountains Recreation and Conservation Authority maintains open space lands, wildlife corridors, parks, trails, wildlife habitats and park facilities in various locations throughout the boundaries of the Assessment District. (See page 30 for a copy of the assessment diagram).

The work and improvements (collectively, the “Improvements”) consist of the acquisition by the Mountains Recreation and Conservancy Authority (the “Authority”) in fee simple title or other rights, including easements and/or rights of entry for maintenance, of open space lands, hillsides, viewsheds and watersheds, riparian corridors, wildlife corridors and parklands (the “Open Space Properties”). Improvements also include improvement of trails, footbridges and trailheads, and for acquisition include all related costs of acquisition, including appraisals, title searches and title insurance, legal fees and court costs and all costs related to the issuance of bonds, including underwriting fees, legal fees, capitalized interest, other bond proceedings costs and the allocable costs of the Authority in the authorization and issuance of bonds.

The Improvements also include, but are not limited to, brush clearing to reduce fire hazards and improve public access, clearance and site preparation, and the maintenance and improvement of trails, foot bridges and other improvements and appurtenances to the properties and all auxiliary work necessary and/or convenient to the accomplishment thereof in accordance with plans, specifications and documents to be approved by the Authority, as required to keep the Improvements in fit operating condition which are ordinarily incurred annually for the Open Space Properties (collectively “Maintenance”).

Further reference is made to the plans and specifications for the Improvements on file with the Mountains Recreation and Conservation Authority and such plans and specifications are incorporated herein by reference.

ACQUISITION AREAS

In order to establish criteria to provide for equal levels of special benefits to all properties of similar type, four areas (the "Acquisition Areas") have been created within the Assessment District. A specific requirement for the Assessment District is that the net available assessment funds generated in each Acquisition Area must be used for the acquisition, improvement and maintenance of Open Space Properties in the same Acquisition Area. The criteria for the Assessment District are further delineated beginning on Page 13.

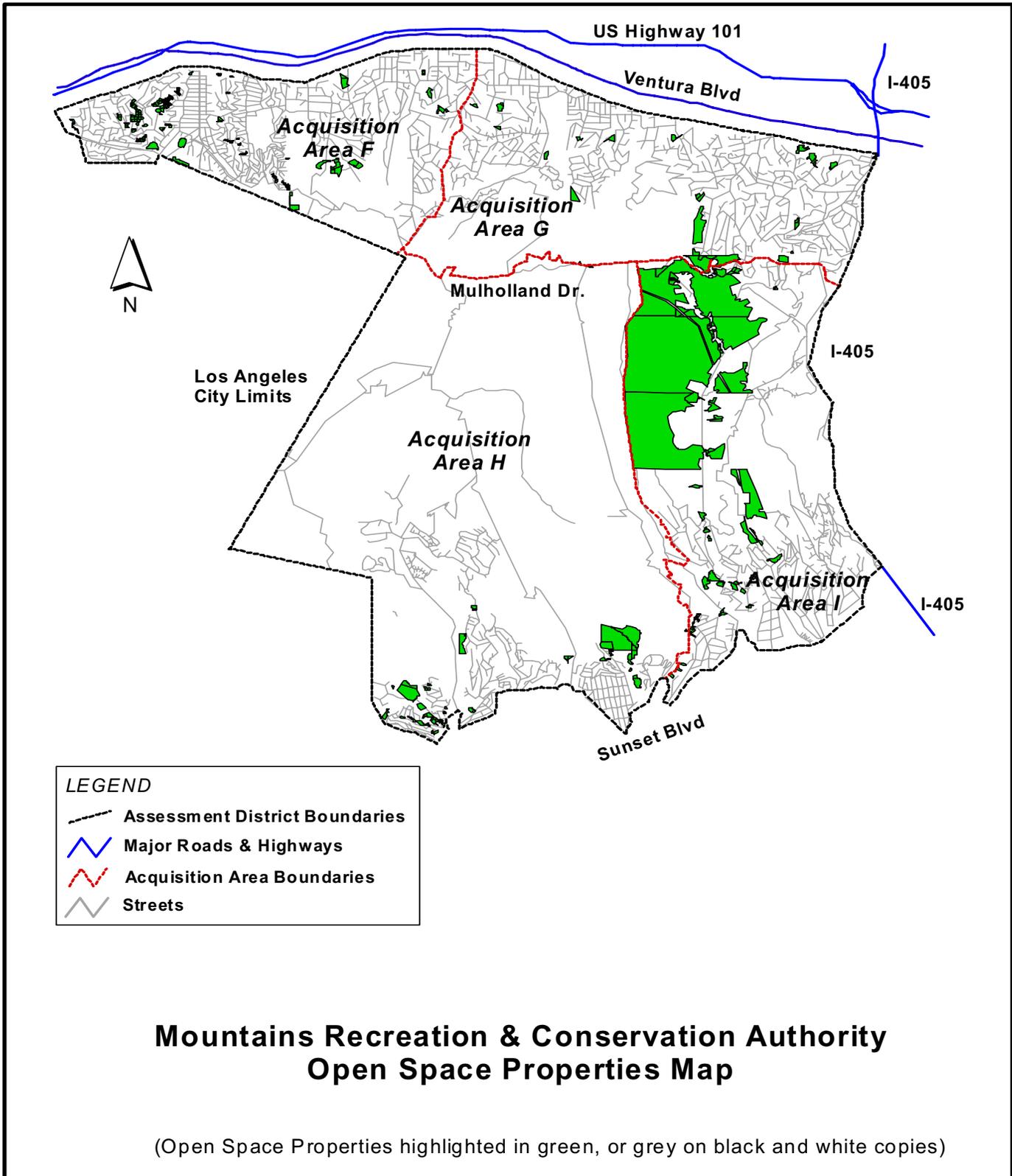
These Acquisition Areas, which are depicted on the Assessment Diagram and Boundary Map, are generally described as follows:

1. Area F: Bounded on the west by the Los Angeles City Limits; to the north by the boundary of the Assessment District; to the east by Vanalden Avenue and Owen Brown Road; and to the south by Los Angeles City Limits. 169 Open Space Properties are identified in Area F.
2. Area G: Bounded on the east by the 405 Freeway; to the south by Mulholland Drive; to the west by Vanalden Avenue; and to the north by the boundary of the Assessment District. 25 Open Space Properties are identified in Area G.
3. Area H: Bounded on the west by the Los Angeles City Limits; to the north by Owen Brown Road and Mulholland Drive; to the east by the general eastern boundary of Los Angeles County Assessor Book 4432 excluding pages 6 through 12 and Los Angeles County Assessor Book 4409 excluding pages 2 and 3; and to the south by Sunset Boulevard. 112 Open Space Properties are identified in Area H.
4. Area I: Bounded on the west by the general eastern boundary of Los Angeles County Assessor Book 4432 excluding pages 1 through 5 and Los Angeles County Assessor Book 4409 excluding pages 1, 4 through 9; to the north by Mulholland Drive; to the east by the 405 Freeway; and to the south by Sunset Boulevard. 75 Open Space Properties are identified in Area I.

OPEN SPACE PROPERTIES

The Open Space Properties by acquisition area that may be acquired, improved and maintained by the assessments are listed in Exhibit A to this Report. The parcel maps for

the Open Space Properties are filed with MRCA. The net available assessment proceeds are not expected to be sufficient to purchase all of the properties listed. Therefore, the criteria on Page 21 shall govern the selection of properties to be acquired and the expenditure of assessments by Acquisition Area.



ESTIMATE OF COSTS AND BUDGET

ESTIMATE OF COSTS

The following is an estimate of costs of the Improvements that are funded by the Assessment District.

Table 1 - Estimate of Costs

MOUNTAINS RECREATION & CONSERVATION AUTHORITY
OPEN SPACE PRESERVATION ASSESSMENT DISTRICT No. 2
 Estimate of Cost

	<i>Total Cost</i>	<i>MRCAs Contribution</i>	<i>Net Cost to Assessment</i>
Improvements			
Open Space Acquisitions and Improvements			
Acquisition Area F	\$5,168,271	\$1,033,654	\$4,134,617
Acquisition Area G	\$4,416,675	\$883,335	\$3,533,340
Acquisition Area H	\$3,049,419	\$609,884	\$2,439,535
Acquisition Area I	\$2,779,629	\$555,926	\$2,223,703
Subtotal	\$15,413,994	\$3,082,799	\$12,331,195
Incidental Expenses			
Bond Issuance, Bond Insurance, Underwriting and Financial Costs			\$1,246,815
Debt Service Reserve			\$658,250
Total Costs to Assessment			\$14,236,260
Less Cash Prepayments			(\$1,240,958)
Cash Rebates			\$169,698
Net Total Costs to Assessment			\$13,165,000

Open Space Acquisitions and Improvements Cost Allocation to Property

Total Costs to Assessment	SFE Units	Total Cost/SFE	Total Maximum Annual Assessment/SFE
\$13,165,000	23,398.46	\$562.64	\$35.50
Prepayments After Issuance			
\$4,219.80	7.50	\$562.64	
Net Costs to Assessments			
\$13,160,690	23,390.96	\$562.64	

Annual Maintenance and Administration

Maintenance, Brush Clearing Services	\$115,525
Total Annual Cost to Assessment	\$115,525

Open Space Maintenance & Administration Cost Allocation to Property

Total Annual Costs to Assessment	SFE Units	Maximum Annual Maintenance & Admin. Assessment/SFE
\$115,525	25,672.28	\$4.50

Notes to Estimate of Costs:

1. The improvement amounts listed under the total cost column are the budget amounts by acquisition area, including MRCA funding contributions that are available for the acquisition of open space in the acquisition area with the bonds issued in the amount of \$13.16 million and net cash prepayments.
2. The rate of the bonds is 4.4000%, \$13.16 million par amount of bonds result in an annual payment for debt service of approximately \$35.50 per single family home (SFE). The total annual payment for debt service, maintenance and administration will not exceed \$40 per SFE.
3. Maintenance and brush clearing costs for maintenance, repair, and improvement of the open space properties that are incurred annually in order to maintain the level of benefit to the assessed parcels.
4. Administration cost includes assessment engineering, county collection charges and other annual costs related to the administration of the assessments.
5. The total cost per SFE is the total cost for the acquisition of open space properties per single family equivalent benefit unit. This cost is bonded and paid over a period of not to exceed 30 years. Based on interest rates as described above, the annual debt service payment is \$35.50 per SFE (per single family home).
6. The improvement costs for Acquisition Areas F and H only can include up to \$750,000 (in each such Acquisition Area) of funds for improvements to trails, trailheads, including customary facilities related thereto, and footbridges for existing open space and parklands owned or maintained by MRCA.

METHOD OF ASSESSMENT APPORTIONMENT

METHOD OF APPORTIONMENT

This section includes an explanation of the special benefits to be derived from the Improvements, the criteria for the expenditure of assessments and proceeds of bonds to ensure equal levels of benefit for properties of similar type and the methodology used to apportion the total assessments to properties within the Assessment District.

The method used for apportioning the assessment is based upon the proportional special benefits to be derived by the properties in the Assessment District over and above general benefits conferred on real property or to the public at large. The apportionment of special benefit is a three step process: the first step is to identify the types of special benefits arising from the Improvements and maintenance to be funded by the assessments; the second step is to establish the criteria that shall ensure that properties within the Assessment District of similar use type and features receive generally equal levels of special benefits from the assessments; and the third step is to allocate the assessments to property based on the estimated relative special benefit for each type of property.

DISCUSSION OF BENEFIT

The assessments can only be levied based on the special benefit to property. This benefit is received by property over and above any general benefits. Proposition 218 (Article XIII D of the California Constitution), has confirmed that assessments must be based on the special benefit to property:

"No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel."

The following benefit categories are the types of special benefits to residential, commercial, industrial, institutional and other properties from the preservation and improvement of open space lands to be provided with the assessment proceeds.

1. Protection of views, scenery and other resources values and environmental benefits enjoyed by residents, employees, customers and visitors and the improvement of public assets maintained by MRCA.

The Assessment District provides funding to acquire and preserve new open space areas, watersheds, greenways and nature lands located throughout the Assessment District. In absence of the Assessment District, these open space areas could be developed for residential or commercial use, which would result in a reduction in public resource values and diminished environmental benefits.

Open space areas provide other special benefits to property such as landscape buffers, protection of scenic views and protection of wildlife and vegetation habitats as well as historic and cultural sites. Left undeveloped, they allow natural functions such as flood control, purification of air and water, decomposition and recycling of wastes, and generation and renewal of fertile soils. Open space also encompasses lands that link existing resource areas and lands that serve as buffers between urban areas or between an urban area and resource land. These are special benefits to property within the Assessment District.

With regard to the environmental benefits of public parks and the vegetation they support, the Florida Department of Natural Resources found that:

"In a City environment, every tree is worth \$275 in benefits each year due to reductions in air-conditioning costs, erosion control, wildlife protection, and air pollution control."¹

Further, the American Forestry Association found that:

"The average economic contribution of a single tree is \$73 in energy conservation, \$75 for erosion control, \$75 for wildlife shelter, and \$50 for air pollution benefits. Over its lifetime, an average tree provides more than \$57,000 in environmental and economic benefits."²

Other studies show that the carbon dioxide emitted into the atmosphere by burning fossil fuels (cars and power plants are the worst offenders) are absorbed by a single mature tree at the rate of 48 pounds a year. This same tree releases enough oxygen to support two human beings.

"Without the cooling and moderating effect of trees and green-spaces in our urban environments, urban areas grow hotter and dryer - a heat island effect. Approximately 5 to 10 percent of the current electric demand in cities is spent to cool buildings just to compensate for the heat island effect. In Los Angeles this translates to \$150,000 per hour and in Washington, DC, close to \$40,000 per hour during peak times. Nationally the hourly cost may be as high as \$1 million."³

These special benefits ultimately accrue to properties within the Assessment District because properties are more desirable in areas that offer enhanced environmental benefits and public resources.

2. Improved and protected water quality, enhancement of water resources and reduction of pollution and water runoff.

By funding the acquisition, protection, improvement and maintenance of open space lands, this assessment will help to protect water resources, reduce runoff, reduce pollution and provide other local environmental special benefits for properties within Assessment District boundaries:

"contributing to the quantity of water which reaches aquifers. When land is covered by pavement, buildings, and other impervious surfaces, rain water runs off in sheets to the nearest storm sewer or other water course. Natural areas enable the aquifer to recharge by allowing rain water to percolate to underlying geologic deposits which may be tapped by wells as a potable water source.

In a similar manner, natural areas protect water quality. Rain that rapidly runs off impervious surfaces to rivers and streams carries with it pollutants such as chemicals from car exhaust and lawn treatments. This is known as 'non-point source pollution' and is the leading cause of water pollution today.

Studies of water quality have shown that non-point source pollution can be greatly reduced by the buffering of streams and rivers by forests and wetlands. When heavily

vegetated areas surround surface water bodies, many pollutants are trapped and filtered from the rain water before it reaches the water bodies.

Thus, allowing natural areas to recharge aquifers and cleanse storm water potentially saves municipalities millions of dollars in water supply and treatment costs."⁴

"The cleansing and buffer properties of vegetated areas help control water, air, and noise pollution, which may decrease pollution control costs borne by public agencies. In Boulder, Colorado, for example, the city avoided a major outlay for constructing a wastewater treatment facility by restoring Boulder Creek through revegetation, terracing, and construction of aeration structures."⁵

A 1978 Tufts University economic study found that:

"Trees decrease the amount of water that runs off a site by breaking the impact of the rain and slowing the flow, allowing time for water to infiltrate the soil. Trees can reduce runoff in urban areas up to 17 percent according to a study by the U.S. Forest Service (Ebenreck, 1988). This reduction has implications in the infrastructure costs of storm sewer capacity of sewage treatment plants, flooding of rivers and streams and the loading of sediment and pollutants into rivers and streams."⁶

This is a special benefit to property in the Assessment District because the acquisition of open space properties will protect water quality and prevent an increase in pollution and runoff that would be created if such properties were otherwise developed.

3. Reduction of additional traffic congestion and other negative impacts caused by development and growth.

Additional development and the congestion it causes reduces the desirability of property within the Assessment District. This Assessment District will help to prevent additional development and the degradation of public resources in the Assessment District. This is a special benefit to property in the Assessment District.

Over 375 open space parcels located throughout the Assessment District have been identified in this Report. Many of these parcels could be subdivided to create additional buildable lots. If even a portion of these properties were developed, additional traffic would result, and other negative impacts from such growth would diminish the desirability of properties in the Assessment District.

Using a conservative estimate of an average of 10 vehicle trips per day per household, if 500 additional homes were constructed on the parcels proposed to be acquired, 5,000 additional vehicle trips would be generated daily in the Assessment District. Such additional trips would create additional traffic congestion and create other negative impacts to property. This Assessment District specially benefits property by limiting future levels of additional development in the Assessment District and, as a result, limits future levels of traffic congestion and other negative impacts that result from development.

4. Enhanced recreational opportunities and expanded access to recreational areas for all property owners, residents, employees and customers throughout the Assessment District.

Residential properties specifically benefit from the enhanced recreational opportunities provided by the Improvements and maintenance services that would be made throughout the Assessment District. These include, among others, new open spaces, areas for nature based recreational activities, and higher levels of maintenance of open space, nature lands and wildlife habitats than would be provided in absence of the assessment.

Non-residential properties also will specifically benefit from the improved open space areas in many ways. Employees will have additional wildlife and recreation areas to utilize for exercise, recreational activities, picnics, company gatherings or other uses. These Improvements, therefore, enhance an employer's ability to attract and keep quality employees. The benefits to employers ultimately flow to the property because better employees improve the business prospects for companies and enhanced economic conditions specially benefit the property by making it more valuable.

In "Trends: Parks, Practice and Program" by Love, L. and Crompton, J. (1993) the authors found that:

*"The provision of parks and recreation services play an influential role in a community's economic development efforts. When companies choose to set up business or relocate, the availability of recreation, parks and open space is high on the priority list for site selection. Recreation and parks have a significant influence on people's preferred living locations."*⁷

The "Outdoor Recreation Coalition of America's 1993 State of the Industry Report" found that:

*"From rock climbing to biking to backpacking, the outdoor recreation industry -- worth at least \$132 billion annually to the U.S. economy-- is growing by leaps and bounds. The biggest and most noticeable effect has been on public lands: Visits to parks and other spaces increased by well over 100 million in the last decade just as funding dwindled."*⁸

All properties will specifically benefit from the assessments that will be used to expand, protect and maintain public recreational lands, open space areas, trails and other public resources.

5. Increased economic activity.

The Assessment District creates expanded and improved open space areas that are better maintained. This specifically increases the desirability of the area and enhances recreational and wildlife education opportunities, which, in turn, leads to expanded use. Expanded use and activities facilitated by new and existing open space areas brings greater numbers of visitors into the area who can utilize the services of businesses within the Assessment District. The visitors to the Authority's open space will be more likely to shop and eat locally. Increased use leads to increased economic activity in the area, which is a special benefit ultimately to residential, commercial, industrial and institutional property.

*"California's public parks generate more than \$35 million annually from businesses for local events. Visitors to public parks and outdoor recreation areas support approximately 235,000 jobs in California's economy."*⁹

"Numerous studies demonstrate that linear parks can increase property values, which can in turn increase local tax revenues. Spending by residents on greenway-related

activities helps support recreation-oriented businesses and employment, as well as other businesses that are patronized by greenway users. Greenways often provide new business opportunities and locations for commercial activities like bed and breakfast establishments, and bike and canoe rental shops. Greenways are often major tourist attractions which generate expenditures on lodging, food, and recreation-oriented services. Finally, greenways can reduce public expenditures by lowering the costs associated with flooding and other natural hazards.”¹⁰

“People are spending increasing amounts of money on recreation. In California people spent an average of 12 percent of their total personal consumption on recreation and leisure, which was the third largest industry in the state. Also, many recreational activities that can be pursued in locally protected areas (such as biking, hiking, bird-watching, cross country skiing, and canoeing) entail equipment costs that support local businesses, providing new jobs and tax revenue.”¹¹

6. Expanded employment opportunity.

Improved recreational areas and public resources foster business growth, which in turn creates additional employment opportunities for Assessment District residents. In addition, the assessments expand local employment opportunities by funding new projects that may create the need for additional construction or maintenance jobs.

Improved and well-maintained open space and recreational areas also provide business properties with an opportunity to attract and keep employees due to the benefits provided by these areas.

The California Park and Recreation Society, in 1997 found that:

“Recreation and park amenities are central components in establishing the quality of life in a community, [business’] main resource is their employees for whom quality of life is an important issue. The availability and attractiveness of local parks and programs influences some companies relocation decisions and the presence of a park encourages real estate development around it.”¹²

7. Enhanced protection of property through reduction of the risk of fire and reduced cost of local government in law enforcement, public health care and natural disaster response.

This assessment also benefits properties in the Assessment District by funding regular brush clearing and other maintenance services that preserve the level of special benefits from open space in the Assessment District and protect the public’s open space resources by reducing the risk of fire damage and maintaining public access to open space resources.

Improved and well-maintained recreational areas and open space lands can also serve to improve public safety and reduce the cost to local government by providing a healthy alternative for youth and adult activities. Studies have shown that adequate park and recreation areas and recreation programs help to reduce crime and vandalism.

“Natural parks and open space require few public services - no roads, no schools, no sewage, no solid waste disposal, no water, and minimal fire and police protection.”¹³

“It is estimated that every additional mile walked by a sedentary person adds 20 minutes to the person’s life and saves society 34 cents in medical and related costs.”¹⁴

"Exercise derived from recreational activities lessens health related problems and subsequent health care costs. Every year, premature deaths cost American companies an estimated 132 million lost work days at a price tag of \$25 billion. Finding and training replacements costs industry more than \$700 million each year. In addition, American businesses lose an estimated \$3 billion every year because of employee health problems."¹⁵

High quality recreational and wildlife areas allow residents and employees in the Assessment District to enjoy activities close to home, thereby not spending time driving to other areas. Moreover, open space and trails in these lands promote healthy activities that help to reduce the cost of health care. Such cost reduction frees public funds for other services that benefit properties.

All of these factors ultimately specially benefit property within the Assessment District by specifically reducing the risk of fire damage to property, and specifically making the community more desirable and property, in turn, more valuable.

8. Enhanced quality of life and desirability of the area.

The assessments provide funding to acquire and preserve open space areas that otherwise could be developed. Additional development, and the congestion it causes, reduces the desirability of property within the Assessment District. Therefore, improved open space areas and public wildlife areas enhance the overall quality of life and desirability of properties within the Assessment District. This is a special benefit to residential, commercial, industrial and other properties.

"The Presidents Commission on American's Outdoors (1987) found natural beauty was the single most important factor in deciding tourist destination.¹⁶ In addition, New England's governors have recognized open space as an important factor in the region's quality of life and tourism industry."¹⁷

Extensive open space, nature lands and wildlife areas are one of the most important public resources and features for property owners in the Assessment District. Such open space is cited as being very or extremely important for approximately 2/3rds of property owners in the Assessment District.¹⁸ Therefore, the acquisition and preservation of open space properties is a very important feature for property owners that enhances the quality of life and desirability of property in the Assessment District.

9. Specific enhancement of property values.

The assessments will provide funding to significantly expand, improve and maintain the public open space lands, recreational areas, wildlife and nature habitats, wildlife corridors and other public resources. The Improvements funded by the assessments also specifically benefit properties by restricting development and growth that negatively impacts existing improved properties in the Assessment District. In turn, property values are specifically enhanced by the availability of expanded, improved, safe, preserved and maintained open space lands within a community. Values of commercial and industrial property increase based on these same elements and the enhanced economic activity derived from the enhanced quantity and quality of public resources in the area.

The real estate within the Assessment District is considered highly desirable. Property values are higher than most other areas in the County of Los Angeles, in large part due to the extensive amount of open space and undeveloped property in the area. This Assessment District will acquire

and preserve many of these undeveloped properties to enhance and protect public resources and to reduce additional development, which is a special benefit to property in the Assessment District. These special benefits ultimately flow to property by specifically or specially enhancing property values.

The correlation between enhanced property values and expanded and well-maintained open space areas and recreational areas has been documented. The United States Department of the Interior, National Park Service determined that:

“An investment in parks and recreation helps reduce pollution and noise, makes communities more livable, and increases property value. Parks and recreation stimulate business and generate tax revenues. Parks and recreation help conserve land, energy and resources. Public recreation benefits all employers by providing continuing opportunities to maintain a level of fitness throughout one’s working life, and through helping individuals cope with the stress of a fast-paced and demanding life.”¹⁹

Additionally, the National Recreation and Park Association, in June 1985, stated:

“The recreation value is realized as a rise in the value of land and other property in or near the recreation area, and is of both private interest to the landowner and others, holding an economic stake in the area, and of public interest to the taxpayers, who have a stake in a maximum of total assessed values.”²⁰

Proximity to parks in urban areas has been shown to account for up to 15 - 20% of a property's value, according to the National Association of Homebuilders (Caputo). In California, it was estimated that \$100 million annually in the form of increased property values was the result of a park bond one-time investment of \$330 million.²¹

Moreover, the Supreme Court of California and the United States Supreme Court have found that improved and well-maintained park facilities confer special benefits to property by enhancing property values. In Knox v. City of Orland, 4 Cal.4th 132, 143 (1993) the Supreme Court of California found that:

“Plaintiff’s basic argument that a special assessment is never appropriate to fund park improvements is unconvincing. Significantly, plaintiff’s attempt to differentiate between street lights, sewers, sidewalks and flood control as constituting proper subjects for special assessment, and public parks as matters of such a general nature as to not justify a special assessment, is virtually identical to an argument rejected nearly a century ago by the United States Supreme Court in *Wilson v. Lambert*.”²²

In Wilson v. Lambert (1898) 168 U.S. 611, 616 [42 L.Ed. 599, 601, 18S.Ct.217] the United States Supreme Court stated:

“The residents and property holders in the District of Columbia must be regarded as coming within the class of beneficiaries; and, so far from being injured by the declaration that the park shall also have national character, it is apparent that thereby the welfare of the inhabitants of the Assessment District will be promoted. Whatever tends to increase the attractiveness of the City of Washington, as a place of permanent or temporary residence, will operate to enhance the value of private property situated therein or adjacent thereto.”²³

In addition, professional property appraisers and instructional books on the subject find that well-maintained public recreational grounds and areas enhance property values in a community.

In Dayton, Ohio, “Five percent of the selling price of homes near the Cox Arboretum and park was attributable to the proximity of the open space.”²⁴

In San Francisco, California, "Golden Gate Park increases the value of nearby property by an amount of from \$500 million to \$1 billion, in the process generating \$5-\$10 million in annual property taxes."²⁵

Enhancement value is the tendency of open space to enhance the property value of adjacent properties. It is also explicitly recognized by federal income tax law:

U.S. Treasury regulation Sec. 14(h)(3)(i) requires that the valuation of a conservation easement take into account (i.e., be offset by) any resulting increase in the value of other property owned by the donor of the easement or a related person. Section 14(h)(4) sites as an example a landowner who owns 10 one-acre lots and donates an easement over eight of them: 'By perpetually restricting development on this portion of the land, (the landowner) has ensured that the two remaining acres will always be bordered by parkland, thereby increasing their fair market value...'²⁶

ACQUISITION CRITERIA AND POLICIES

This sub-section describes the criteria that shall govern the expenditure of assessments and ensure equal levels of benefit for properties of similar type. The criteria established in this Report, as finally confirmed, cannot be substantially modified; however the Board may adopt additional criteria to further clarify certain criteria or policies established in this Report or establish additional criteria or policies that do not conflict with this Report.

ASSESSMENTS MUST BE EXPENDED WITHIN THE ASSESSMENT DISTRICT

The net available assessments, after incidental, financing and other costs, shall be expended exclusively for the Improvement and maintenance of properties within the boundaries of the Assessment District.

ASSESSMENTS FROM EACH ACQUISITION AREA MUST BE EXPENDED WITHIN THE SAME ACQUISITION AREA

The net available assessment funds for Improvements generated in each Acquisition Area must be expended within the same Acquisition Area on acquisitions from the acquisition target list within this Report.

SEPARATE IMPROVEMENT ACCOUNTS BY ACQUISITION AREA

The net proceeds available for Improvements generated by assessments within each Acquisition Area shall be deposited into a separate account within the bond improvement fund for each Acquisition Area and shall be maintained by the bond's Fiscal Agent. Expenditures from such Acquisition Area bond improvement funds, exclusive of administration costs and other costs related to the acquisitions such as appraisals and title fees, shall be used within the same Acquisition Area for the purposes stated in this Report.

USE OF UNEXPENDED FUNDS

In the event that unexpended funds of \$100,000 or less remain in the bond improvement fund and no additional properties in the Acquisition Area can be identified to be acquired, then the remaining unexpended funds for the Acquisition Area shall be used for brush clearing and other maintenance services in the Acquisition Area.

CITIZEN'S OVERSIGHT COMMITTEE

A Citizens Oversight Committee, (the "Committee") has been established for the Assessment District. The Citizens Oversight Committee is comprised of two members appointed by each City Councilmember whose Council District includes area within the Assessment District; three members appointed by the Federation of Hillside and Canyon Associations, Inc. (the "Federation"); three members appointed by the three largest homeowner's associations in terms of membership which are not member organizations of the Federation (one member by each association). No member shall have a conflict of interest as provided by the Political Reform Act and the regulations of the Fair Political Practices Commission. All members of the Committee shall reside within the Assessment District.

The Committee shall have the authority to review the accounting for the funds from the measures, to designate the independent auditor for the revenues and expenditures from the measures, and to make determinations as to whether the proposed expenditures by acquisition area are consistent with the criteria and requirements established in this Report. The Committee will also have the authority to make recommendations to MRCA Governing Board on all matters pertinent to the acquisitions, improvements and maintenance of open space funded by the Assessment District. The Committee will meet quarterly for the first three years, or until acquisition funds are exhausted, whichever comes first; then every year thereafter. All meetings shall be subject to the provisions of the Ralph M. Brown Act.

GEOGRAPHIC DISTRIBUTION OF PROPERTIES

Open Space Properties must be geographically disbursed within each Acquisition Area, to the extent possible. After the initial open space properties are acquired within an Acquisition Area, the Board shall give priority to properties on the acquisition list that would enhance the geographic distribution of Improvements.

PURCHASE PRICE CANNOT EXCEED INDEPENDENT APPRAISAL

An appraisal of fair market value will be prepared by at least one independent appraiser prior to the acquisition of Open Space Properties by the Authority. No property will be acquired at a price in excess of an independent appraisal of fair market value.

WILLING SELLER

Lands shall only be acquired through purchase or donation from willing sellers (or donors). Condemnation will not be used to acquire Open Space Properties.

PERMANENT PRESERVATION

Open Space Properties acquired by the Authority with proceeds from the Assessment District shall remain as public resources. Such Open Space Properties shall not be sold, transferred or traded to any other person or entity except a public park agency.

WESTRIDGE CANYONBACK WILDERNESS AREA

The largest property that offers the most significant special benefits to properties in Acquisition Areas G and I is the Westridge Canyonback Wilderness Area (also known as the Eastport Property or the Tucker Property). The special benefits from this property, which is over 1,500 acres in size, include: many sensitive ecological areas, important resource values, support for abundant wildlife including bobcats and badgers, extensive recreation, nature and wildlands areas and it is a critical piece in creating a wildlife corridor that connects the eastern and western Santa Monica Mountains. Moreover, if this property is not acquired and preserved as public open space, it could be developed.

The estimated cost to complete the acquisition of this property is approximately \$7.1 million. This property is considered to be so large and significant that its special benefits extend to properties throughout both Acquisition Area G and I. However, given that the sole use of assessment proceeds to complete the acquisition could impact the ability to meet the criteria of geographic distribution of properties within these Acquisition Areas, a maximum of \$3.0 million (\$1.5 million from Acquisition Area G and \$1.5 million from Acquisition Area I) of net assessment proceeds can be used for the acquisition of the Westridge Canyonback Wilderness Area. In order to complete this priority acquisition, MRCA shall contribute the remaining funds of approximately \$4.1 million.

MAINTENANCE POLICIES

Properties acquired, owned or maintained by MRCA will require maintenance to preserve the level of special benefit these properties provide and to diminish the risk of fire from excess brush and vegetation on open space lands. Net available funds generated by the assessment for maintenance shall be expended for maintenance as defined in this Report. The level of maintenance for each site will be directly related to the intensity and type of use, and proposed site development. MRCA may employ its own maintenance staff, or it may contract for maintenance work with private organizations or with other public agencies.

GENERAL VERSUS SPECIAL BENEFIT

The open space Improvements also provide a degree of general benefits to the public at large. A measure of this general benefit is the proportionate amount of time that the open space and wildlife areas funded by the Assessment District are used and enjoyed by

individuals who are not residents, employees, customers or property owners in the Assessment District²⁷. A survey of usage of open space areas conducted by SCI Consulting Group found that 11% of the visits to open space and parklands similar to the Open Space Properties are by those who do not live or work within the Assessment District boundaries.²⁸

The type of open space properties proposed to be acquired by the Assessment District is not as conducive to active recreational use because the properties are generally smaller in size and of topography that does not readily support trails or other public use. As a result, many of the special benefit factors construed by the Improvements are “passive” special benefits that are not related to active use of the properties. Therefore, the measure of general benefits found in the survey should be adjusted to account for the special benefit factors that are not related to active use. This Report describes nine special benefit factors for the assessments. Since special enhancement of property values is a direct result of the other listed benefit factors, the other eight factors are the basis for identifying the special benefits that are related to active or passive use. Four of the benefit factors: enhanced recreational opportunities, increased economic activity, expanded employment opportunity, and enhanced protection of property through reduction of the risk of fire and reduced cost of local government are considered to be, at least in part, related to active use. Assuming that all eight benefit factors have equal weight or importance, 50% of the benefits are deemed to be related to active use.

The special benefits that are passive in nature provide near exclusive special benefits to property in the Assessment District because the Open Space Properties are entirely localized to the areas within the Assessment District and the public and property owners outside of the Assessment District receive only minimal general benefits from preserved open space that is not available for intensive active use by the public at large (the measure of general benefits). Therefore, in order to establish a conservative measure of the level of general benefits from factors that are not related to active use, this Report determines that 10% of the benefits from passive benefit factors are general in nature.

Accordingly, factoring the 11% measure of general benefits from the four benefit factors that are related to active use with the 10% measure of general benefits from the four benefit factors that are not related to active use results in a measure of general benefits equal to 10.5%.

The Assessment District’s total budget for acquisition, improvement and maintenance of open space properties is \$15,529,519. Of this total budget amount, the Mountains Recreation and Conservation Authority will contribute \$3,082,799 from sources other than the assessments. This contribution by the MRCA equates to approximately 20% of the total budget for maintenance and improvements and constitutes significantly more than the amount attributable to the general benefits received from the Improvements to be made by the Assessment District. (In addition, it excludes any additional funds that may be contributed to complete the acquisition of the Westridge Canyonback Wilderness Area property).

ASSESSMENT APPORTIONMENT

In the process of determining the appropriate method of assessment, the Engineer considered various alternatives. For example, an assessment only for all residential improved property was considered but was determined to be inappropriate because commercial, industrial and other properties also receive benefits from the assessments.

Moreover, a fixed or flat assessment for all properties of similar type was deemed to be inappropriate because larger commercial properties and residential properties with multiple dwelling units receive a higher degree of benefit than other similarly used properties that are significantly smaller. For two properties used for commercial purposes, there clearly is a higher benefit provided to the larger property in comparison to a smaller commercial property because the larger property generally supports a larger building and has higher numbers of employees, customers and guests that would benefit from preserved open space and maintenance services that reduce fire hazards. This benefit ultimately flows to the property. Larger parcels, therefore, receive an increased benefit from the assessments.

As stated previously, the special benefits derived from the assessments are conferred on property and are not based on a specific property owner's use of the open space parcel acquired, or a specific property owner's occupancy of property or the property owner's demographic status such as age or number of dependents. However, it is ultimately people who value the special benefits described above, use and enjoy the Authority's open space and recreational lands, and control property values by placing a value on the special benefits to be provided by these public resources. In other words, the benefits derived to property are related to the average number of people who could potentially live on, work at, or otherwise could use a property, not how the property is currently used by the present owner. Therefore, the number of people who could or potentially live on, work at or otherwise use a property is an indicator of the relative level of special benefit received by a property.

The Engineer determined that the appropriate method of assessment should be based on the type of property, the relative size of the property and the potential use of property by residents and employees. This method is further described below.

METHOD OF ASSESSMENT

The next step in apportioning assessments is to determine the relative special benefit for each property. This process involves determining the relative benefit received by each property in relation to a "benchmark" property, a single family detached dwelling on one parcel (one "Single Family Equivalent Benefit Unit" or "SFE"). This SFE methodology is commonly used to distribute assessments in proportion to estimated special benefits and is generally recognized as providing the basis for a fair and appropriate distribution of

assessments. In this Engineer's Report, all properties are assigned an SFE value, which is each property's relative benefit in relation to a single family home on one parcel.

RESIDENTIAL PROPERTIES

All improved residential properties with a single residential dwelling unit are assigned one Single Family Equivalent or 1.0 SFE. Detached or attached houses, zero-lot line houses and town homes are included in this category.

Properties with more than one residential unit are designated as multi-family residential properties. These properties benefit from the improvements in proportion to the number of dwelling units that occupy each property and the average number of people who reside in multi-family residential units versus the average number of people who reside in a single family home. The population density factors (the "Population Factor") for the MRCA, as depicted below, provide the basis for determining the SFE factors for residential properties. Using the total population in a certain property type in the area of the Assessment District from the 1990 Census and dividing it by the total number of such households, finds that approximately 3.10 persons occupy each single family residence, whereas an average of 2.36 persons occupy each multi-family residence. Using the ratio of one Population Factor for each single-family residence equates to one Population Factor for every 3.10 persons. Using this factor, each multi-family unit receives a 0.76 Population Factor, each condominium unit receives a 0.91 Population Factor and each mobile home receives a 0.65 Population Factor.

Once established, Population Factors are adjusted to reflect the average structure size of different residential properties. This adjustment is needed because the special benefits are deemed to be relative to the potential population density and average building area per dwelling unit. Based on County data, the average multi-family residence is 47% of the size of a single family residence. Likewise, the average condominium unit is 50% of the size of a single family residence and the average mobile home is 50% of the size of a single family residence. These relationships to a single family residence are "Square Footage Factors". These Square Footage Factors are applied to the Population Factors to determine the SFE benefit factors for residential properties. Accordingly, multi-family properties with a 0.76 Population Factor and a 47% Square Footage Factor will receive a 0.36 SFE. Likewise, condominium units receive a 0.46 SFE and mobile homes on separate parcels receive a 0.33 SFE. See Table 2 below.

Table 2 - Residential SFE Assessment Factors

	<i>Total Population</i>	<i>Occupied Households</i>	<i>Persons per Household</i>	<i>Population Factor</i>	<i>SqFt Factor</i>	<i>SFE Factor</i>
Single Family Residential	242,686	78,250	3.10	1.00		1.00
Condominium	13,776	4,904	2.81	0.91	0.50	0.46
Multi-Family Residential	59,069	25,011	2.36	0.76	0.47	0.36
Mobile Home on Separate Lot	8,888	4,420	2.01	0.65	0.50	0.33

Source: 1990 Census, Los Angeles area

The SFE factor of 0.36 per dwelling unit for multifamily residential properties applies to such properties with 20 or fewer units. Properties in excess of 20 units typically offer on-site recreational amenities and other facilities that tend to offset some of the benefits provided by the improvements. Therefore the benefit for properties in excess of 20 units is determined to be 0.36 SFE per unit for the first 20 units and 0.10 SFE per each additional unit in excess of 20 dwelling units.

COMMERCIAL/INDUSTRIAL PROPERTIES

SFE values for commercial and industrial land uses are based on the equivalence of special benefit on a land area basis between single family residential property and the average commercial/industrial property. The SFE values for various commercial and industrial land uses are further defined by using average employee densities because the special benefit factors described previously are also related to the average number of people who work at commercial/industrial properties.

To determine employee density factors, the findings from the San Diego Association of Governments Traffic Generators Study (the "SANDAG Study") are used because these findings were approved by the State Legislature as being a good representation of the average number of employees per acre of land area for commercial and industrial properties. As determined by the SANDAG Study, the average number of employees per acre for commercial and industrial property is 24.

The average number of people residing in a single family home in the area is 3.10, and the average lot size for a single family home in the Assessment District is approximately 0.35 acres, so the average number of residents per acre of residential property is 8.86.

The employee density per acre, using the SANDAG study, is generally over 2.70 times the population density of single family residential property per acre (24 employees per acre / 8.86 residents per acre). Therefore, the average employee density can be used as the basis for allocating benefit to commercial or industrial property since a commercial/industrial property with 2.70 employees receives generally similar special benefit to a residential property with 1 resident. This factor of equivalence of benefit between 1 resident to 2.70 employees is the basis for allocating commercial/industrial benefit. Table 4 shows the average employees per acre of land area or portion thereof for commercial and industrial properties and lists the relative SFE factors per fifth acre for properties in each land use category.

Commercial and industrial properties in excess of 5 acres generally involve uses that are more land intensive relative to building areas and number of employees (lower coverage ratios). As a result, the benefit factors for commercial and industrial property land area in excess of 5 acres is determined to be the SFE rate per fifth acre for the first 5 acres and the relevant SFE rate per each additional acre over 5 acres.

Institutional properties that are used for residential, commercial or industrial purposes are also assessed at the appropriate residential, commercial or industrial rate.

Table 3 - Commercial/Industrial Density and Assessment Factors

<i>Type of Commercial/Industrial Land Use</i>	<i>Average Employees Per Acre ¹</i>	<i>SFE Units per 7/20 Acre ²</i>
Commercial	24	1.00
Office	68	2.84
Shopping Center	24	1.00
Industrial	24	1.00
Self Storage or Parking Lot	1	0.05

1. Source: San Diego Association of Governments Traffic Generators Study.

2. The SFE factors for commercial and industrial parcels are applied by the quarter acre of land area or portion thereof. (Therefore, the minimum assessment for any assessable parcel in these categories is the SFE Units listed herein.)

VACANT PROPERTIES

The benefits to be received from the Improvements for vacant properties are passive benefits, which are generally not related to active use of the property. Undeveloped property also benefits from the acquisition and maintenance of Open Space Properties because when the undeveloped property is developed, the Open Space Properties, and the benefits they provide, will be available to the developed property.

The benefit to vacant properties is determined to be proportional to the corresponding benefits for similar type developed properties; however, at a lower rate due to the lack of active benefits conferred to vacant properties. A measure of the benefits accruing to the underlying land is the average value of land in relation to improvements for developed property. An analysis of the assessed valuation data from the County of Los Angeles, found that nearly 50% of the assessed value of improved properties is classified as the land value. It is reasonable to assume, therefore, that approximately 50% of the benefits are related to the underlying land and 50% are related to the day-to-day use of the property. Using this ratio, the SFE factor for vacant parcels is 0.50 per parcel.

OTHER PROPERTIES

Article XIID stipulates that publicly owned properties must be assessed unless there is clear and convincing evidence that those properties receive no special benefit from the assessment. All properties that are specially benefited are assessed. Public right-of-way

parcels, well, reservoir or other water rights parcels that cannot be developed into other improved uses, open space parcels, watershed parcels and common area parcels typically do not generate employees, residents, customers or guests. Many of these types of properties also provide similar benefits as the Open Space Properties. Therefore, any special benefits they receive are offset by special benefits they provide. Moreover, many of these parcels have limited economic value and, therefore, do not benefit from specific enhancement of property value. Such parcels are, therefore, not specially benefited and are not assessed.

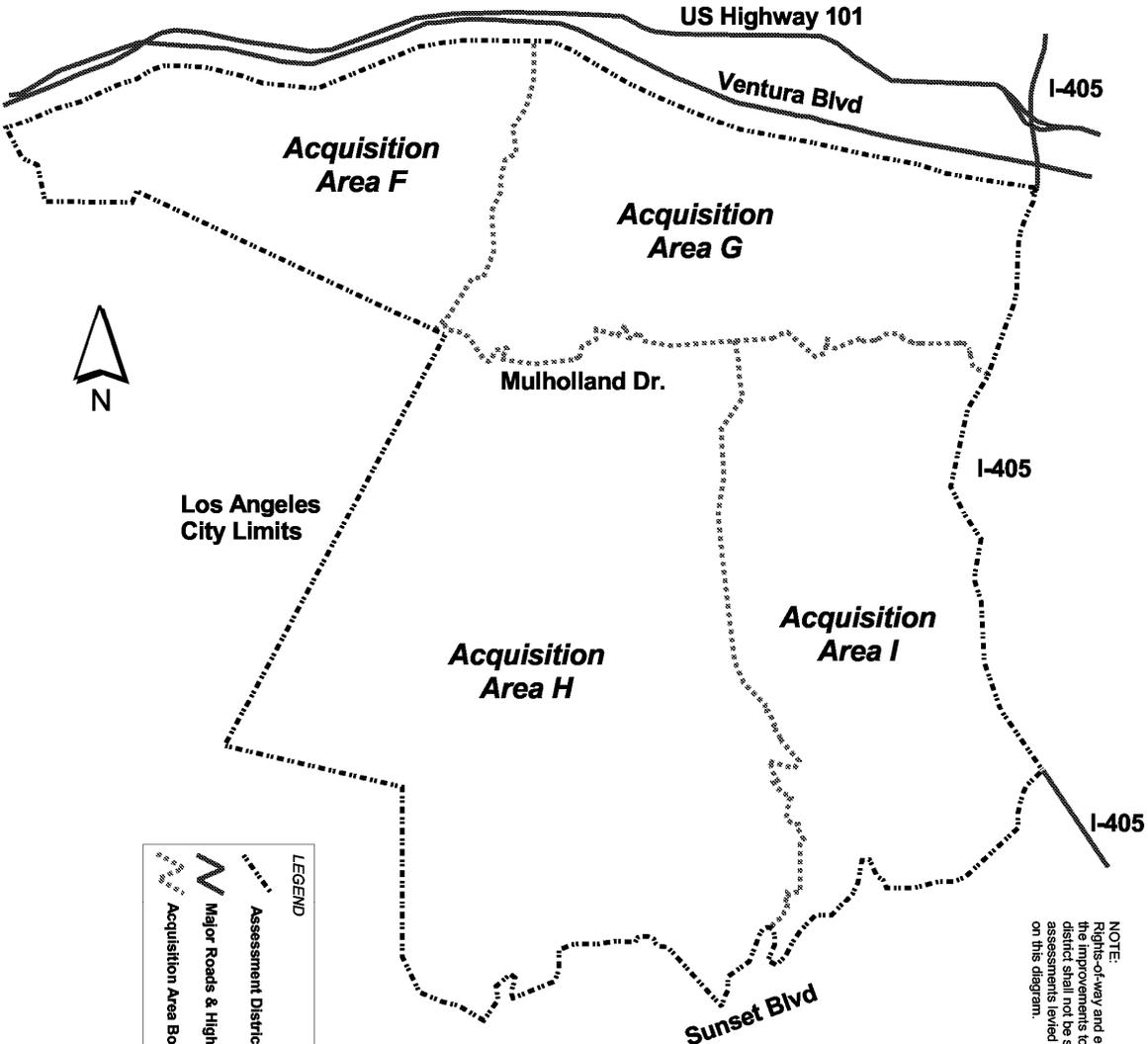
Other publicly owned property that is used for purposes similar to private residential, commercial, industrial or institutional uses is benefited and assessed at the same rate as such privately owned property.

APPEALS OF ASSESSMENTS LEVIED TO PROPERTY

Any property owner who feels that the assessment levied on the subject property is in error as a result of incorrect information being used to apply the foregoing method of assessment, may file a written appeal with the Executive Officer of MRCA or her or his designee. Any such appeal is limited to correction of an assessment during the then current or, if before July 1, the upcoming fiscal year. Upon the filing of any such appeal, the Executive Officer or his or her designee will promptly review the appeal and any information provided by the property owner. If the Executive Officer or her or his designee finds that the assessment should be modified, the appropriate changes shall be made to the assessment roll. If any such changes are approved after the assessment roll has been filed with the County for collection, the Executive Officer or his or her designee is authorized to refund to the property owner the amount of any approved reduction. Any dispute over the decision of the Executive Officer or her or his designee shall be referred to the Board and the decision of the Board shall be final.

ASSESSMENT DIAGRAM

The Assessment Diagram, being too bulky to be bound herein, is on file with the Clerk of MRCA and reference is hereby made to the Assessment Diagram for further particulars. The assessment number for each parcel within the Assessment District is the Assessor Parcel Number listed within the Assessment Diagram. A reduced copy of the Assessment Diagram is presented on the following page.



NOTE:
Rights-of-way and easements to be acquired for the improvements to be made for this assessment district shall not be subject to the lien of assessments levied on assessment parcels shown on this diagram.

LEGEND

- Assessment District Boundaries
- == Major Roads & Highways
- - - Acquisition Area Boundaries

SHEET 1 OF 12

Assessment Diagram, Santa Monica Mountains Open Space Preservation Assessment District No. 2, Mountains Recreation and Conservation Authority, County of Los Angeles, State of California.

Filed in the office of the Secretary, Mountains Recreation and Conservation Authority, this _____ day of _____, 2002.

Secretary _____

Recorded in the office of the Engineer, Mountains Recreation and Conservation Authority, this _____ day of _____, 2002.

Engineer _____

An assessment was levied by the Board of Directors on the lots, pieces, and parcels of land shown on this assessment diagram. Said assessment was levied on the _____ day of _____, 2002; the assessment diagram and the assessment roll were recorded in the office of the Engineer of the Mountains Recreation and Conservation Authority on the _____ day of _____, 2002. Reference is made to the assessment roll recorded in the office of the said Engineer for the exact amount of each assessment levied against each parcel of land shown on this assessment diagram.

Secretary _____

Filed this _____ day of _____, 2002, at the hour of _____ o'clock _____ m. In Book _____ Maps of Assessment and Community Facilities Districts, at Page _____ in the office of the County Recorder of the County of Los Angeles, State of California.

County Recorder _____
County of Los Angeles

I, the Superintendent of Streets, City of Los Angeles, California, hereby certify that a certified copy of the assessment diagram and the assessment roll were recorded in my office on _____ day of _____, 2002.

Superintendent of Streets _____
City of Los Angeles.

REFERENCE is hereby made to the maps of record in the office of the Assessor of the County of Los Angeles for a detailed description of the lines and dimensions of any parcels shown herein, which maps shall govern for all details concerning the lines and dimensions of such parcels.

ASSESSMENT ROLL (SPREAD OF COSTS)

An Assessment Roll, which is a listing of all parcels within the Assessment District and the amount of the proposed assessments, is filed with the Clerk of the Board and is, by reference, made part of this Report.

Each lot or parcel listed on the Assessment Roll is shown and illustrated on the latest County Assessor records and these records are, by reference made part of this report. These records shall govern for all details concerning the description of the lots or parcels.

EXHIBIT A – OPEN SPACE PROPERTIES BY ACQUISITION AREA

APN	Acquisition		APN	Acquisition	
	Area	Acreage		Area	Acreage
2074-010-022	F	0.83	2076-010-005	F	0.65
2074-010-023	F	0.8	2076-010-006	F	0.67
2074-010-043	F	0.32	2076-010-007	F	0.56
2074-010-044	F	0.32	2076-010-008	F	0.91
2074-010-053	F	0.16	2076-010-009	F	0.69
2074-010-054	F	0.22	2076-011-002	F	0.55
2074-010-055	F	0.13	2076-011-003	F	0.54
2074-039-029	F	2.14	2076-016-023	F	0.55
2075-027-010	F	0.38	2076-016-024	F	0.46
2075-037-001	F	0.78	2076-016-025	F	0.41
2075-037-002	F	0.61	2076-016-026	F	0.36
2075-037-003	F	0.68	2076-016-027	F	0.35
2075-037-005	F	0.91	2076-016-028	F	0.37
2075-037-006	F	0.59	2076-016-029	F	0.48
2075-037-007	F	0.52	2076-016-030	F	0.34
2076-004-018	F	0.59	2076-016-031	F	0.26
2076-004-019	F	0.48	2076-017-025	F	5.37
2076-004-021	F	0.7	2076-023-900	F	5.91
2076-004-022	F	0.62	2164-020-028	F	0.43
2076-004-025	F	0.52	2164-020-029	F	0.54
2076-004-026	F	0.38	2164-020-030	F	0.43
2076-004-033	F	0.51	2166-011-018	F	0.43
2076-004-034	F	0.54	2166-011-021	F	3.52
2076-004-039	F	0.55	2166-013-015	F	7.73
2076-006-033	F	0.89	2166-013-016	F	14.09
2076-006-067	F	1.13	2168-012-063	F	0.11
2076-006-069	F	1.56	2168-012-064	F	0.12
2076-007-023	F	0.3	2168-017-042	F	0.15
2076-007-024	F	0.83	2168-017-043	F	0.15
2076-007-027	F	0.64	2168-017-044	F	0.15
2076-007-028	F	0.9	2168-017-055	F	0.13
2076-008-033	F	0.38	2168-017-056	F	0.13
2076-008-067	F	0.14	2168-017-057	F	0.13
2076-009-004	F	0.63	2168-021-041	F	0.24
2076-009-005	F	0.83	2168-021-046	F	0.19
2076-009-007	F	0.4	2168-022-062	F	0.47
2076-009-014	F	0.58	2169-021-048	F	0.59
2076-009-017	F	0.75	2169-024-005	F	0.45
2076-010-003	F	0.6	2169-024-006	F	0.45
2076-010-004	F	0.61	2169-024-021	F	0.38

APN	Acquisition		APN	Acquisition	
	Area	Acreage		Area	Acreage
2169-024-022	F	0.35	2172-028-033	F	0.07
2169-024-023	F	0.32	2172-028-035	F	0.14
2170-001-004	F	0.39	2172-028-036	F	0.14
2170-001-005	F	0.36	2172-032-001	F	0.17
2170-001-006	F	0.36	2172-032-002	F	0.15
2170-001-007	F	0.44	2172-032-005	F	0.23
2170-001-008	F	0.16	2172-032-006	F	0.19
2170-001-009	F	0.13	2172-032-008	F	0.24
2170-001-010	F	0.04	2172-032-009	F	0.32
2170-001-011	F	0.18	2172-032-053	F	0.11
2170-001-012	F	0.08	2172-032-060	F	0.23
2170-001-017	F	0.33	2173-001-006	F	4.16
2170-001-019	F	0.43	2174-006-004	F	2.35
2170-001-021	F	0.31	2174-006-006	F	3.81
2170-001-023	F	0.36	2174-007-021	F	0.38
2170-001-029	F	0.33	2174-008-003	F	4.15
2170-001-030	F	0.35	2174-008-013	F	1.25
2170-001-031	F	0.49	2174-008-043	F	3.27
2170-001-032	F	0.43	2174-008-044	F	1.15
2170-001-036	F	0.32	2174-010-029	F	4.05
2170-001-045	F	0.4	2175-008-005	F	0.66
2170-001-049	F	0.33	2175-008-007	F	2.13
2170-001-050	F	0.38	2175-008-014	F	0.56
2170-001-051	F	0.36	2175-010-022	F	3.04
2171-008-001	F	0.19	2190-008-001	F	0.12
2171-008-002	F	0.26	2190-008-002	F	0.18
2171-008-003	F	0.25	2190-008-031	F	0.13
2171-008-004	F	0.21	2190-008-032	F	0.05
2171-010-001	F	0.07	2190-008-033	F	0.06
2171-010-002	F	0.09	2190-009-009	F	0.06
2171-010-027	F	0.06	2190-009-010	F	0.07
2171-018-071	F	0.8	2190-009-011	F	0.07
2171-018-072	F	0.85	2190-009-012	F	0.06
2172-017-081	F	0.11	2190-009-031	F	0.18
2172-022-043	F	0.13	2190-009-032	F	0.2
2172-022-044	F	0.14	2190-010-011	F	0.18
2172-028-023	F	0.23	2190-010-021	F	0.03
2172-028-024	F	0.23	2190-010-023	F	0.07
2172-028-025	F	0.12	2190-010-024	F	0.07
2172-028-026	F	0.18	2190-010-025	F	0.07
2172-028-027	F	0.15	2190-010-029	F	0.07
2172-028-028	F	0.14	2190-010-030	F	0.07
2172-028-029	F	0.18	2190-010-031	F	0.07
2172-028-031	F	0.15	2190-010-032	F	0.07
2172-028-032	F	0.07	2190-010-038	F	0.11

APN	Acquisition		APN	Acquisition	
	Area	Acreage		Area	Acreage
4434-001-010	F	5.44	4416-005-007	H	3.66
2176-004-006	G	1.03	4416-008-033	H	0.09
2176-029-012	G	0.51	4416-011-001	H	0.08
2176-029-013	G	3.32	4416-011-003	H	0.09
2176-030-037	G	0.46	4416-011-004	H	0.09
2184-003-005	G	2	4416-011-006	H	0.08
2184-011-004	G	1.11	4416-011-007	H	0.07
2184-025-032	G	2.79	4416-011-009	H	0.09
2184-026-016	G	7.23	4416-011-010	H	0.08
2284-006-027	G	0.52	4416-011-011	H	0.09
2284-006-056	G	2.77	4416-011-012	H	0.08
2284-006-058	G	1.57	4416-011-013	H	0.08
2285-012-019	G	3.01	4416-011-014	H	0.09
2285-014-032	G	3.66	4416-011-016	H	0.08
2285-015-007	G	0.49	4416-011-017	H	0.07
2285-015-010	G	1.23	4416-011-018	H	0.1
2286-022-014	G	0.7	4416-011-019	H	0.09
2286-022-015	G	2.08	4416-011-020	H	0.09
2290-025-017	G	2.26	4416-011-021	H	0.09
2292-010-026	G	1.48	4416-011-022	H	0.09
2292-010-028	G	1.99	4416-020-046	H	0.11
2292-010-032	G	26.97	4416-020-047	H	0.1
2292-014-008	G	4.7	4416-020-048	H	0.09
2292-021-016	G	2.61	4416-020-049	H	0.09
2293-010-026	G	0.28	4416-020-050	H	0.09
2293-010-035	G	4.95	4416-020-051	H	0.1
4434-001-002	G	0.93	4416-020-052	H	0.1
4409-001-003	H	3.6	4416-021-001	H	0.08
4409-001-900	H	25.78	4416-021-002	H	0.09
4409-001-902	H	2.6	4416-021-003	H	0.09
4409-005-006	H	5.25	4416-021-004	H	0.09
4409-005-007	H	1.3	4416-021-005	H	0.11
4409-008-008	H	0.76	4416-021-006	H	0.09
4416-002-014	H	0.33	4416-021-007	H	0.09
4416-002-016	H	0.34	4416-021-008	H	0.1
4416-003-002	H	0.47	4416-021-009	H	0.1
4416-003-013	H	1	4416-021-013	H	0.18
4416-003-018	H	0.8	4416-021-015	H	0.17
4416-003-021	H	0.75	4416-021-016	H	0.16
4416-003-022	H	0.61	4416-021-018	H	0.22
4416-003-024	H	0.14	4416-021-019	H	0.05
4416-004-034	H	1.91	4416-021-021	H	0.06
4416-004-035	H	0.92	4416-021-022	H	0.05
4416-004-041	H	0.8	4416-021-025	H	0.13
4416-004-043	H	4.83	4416-021-027	H	0.16

APN	Acquisition		APN	Acquisition	
	Area	Acreage		Area	Acreage
4416-021-028	H	0.36	4422-028-018	H	1.33
4416-021-030	H	0.03	4422-028-029	H	1.26
4416-021-036	H	TBD	4422-032-025	H	3.45
4416-021-037	H	0.15	4422-032-026	H	0.12
4416-021-038	H	0.15	4422-033-011	H	
4416-021-040	H	0.09	4422-033-014	H	0.31
4416-021-041	H	0.08	4432-001-015	H	0.23
4416-021-042	H	0.1	4409-002-013	I	0.93
4416-021-043	H	0.1	4409-003-005	I	2.08
4416-021-044	H	0.09	4409-003-015	I	1.29
4416-021-045	H	0.09	4425-003-010	I	0.35
4416-021-046	H	0.1	4425-003-011	I	0.46
4416-021-047	H	0.11	4425-003-021	I	1.18
4416-021-048	H	0.2	4425-003-027	I	0.77
4416-021-049	H	0.13	4425-003-031	I	0.63
4416-021-050	H	0.11	4425-003-045	I	0.36
4416-021-051	H	0.17	4425-003-046	I	0.38
4416-022-042	H	0.6	4425-003-050	I	0.49
4416-022-043	H	0.53	4425-003-051	I	0.5
4416-022-044	H	0.46	4425-004-005	I	0.64
4416-022-045	H	0.31	4426-003-006	I	0.38
4416-022-046	H	0.38	4426-003-007	I	0.61
4416-023-070	H	0.35	4426-003-010	I	0.14
4416-023-071	H	0.13	4426-008-020	I	3.44
4416-023-075	H	0.17	4426-008-051	I	1
4416-023-095	H	1.05	4426-022-013	I	1.26
4416-023-096	H	0.28	4426-038-004	I	1.21
4416-023-097	H	0.34	4431-022-003	I	12.45
4416-023-098	H	0.3	4432-007-011	I	0.18
4416-023-099	H	0.28	4432-007-012	I	0.11
4416-025-030	H	11.77	4432-007-013	I	1.73
4416-025-031	H	14.53	4432-010-012	I	5.06
4416-027-032	H	0.46	4432-010-019	I	2.07
4416-027-040	H	0.46	4432-010-021	I	0.64
4416-027-041	H	0.46	4490-006-011	I	0.09
4416-027-042	H	0.46	4490-006-270	I	0.36
4419-015-907	H	0.06	4490-006-271	I	0.52
4419-015-908	H	1.91	4490-010-001	I	0.57
4420-026-018	H	10.38	4490-010-002	I	0.36
4420-035-007	H	0.49	4490-010-003	I	6.22
4420-035-008	H	1.74	4490-010-004	I	1.51
4422-002-900	H	46.86	4490-010-018	I	1.3
4422-003-901	H	1.16	4490-011-902	I	4.02
4422-004-015	H	2.09	4490-012-023	I	0.81
4422-005-028	H	0.57	4490-017-003	I	3.69

APN	Acquisition Area	Acreage	APN	Acquisition Area	Acreage
4490-017-900		2.63			
4490-019-001		0.02			
4490-019-002		1.05			
4490-019-005		0.5			
4490-024-014		62.15			
4490-027-013		1.6			
4490-028-001		5.85			
4490-028-002		1			
4490-028-003		0.93			
4491-003-001		0.4			
4491-003-002		0.44			
4491-003-003		1.28			
4491-003-004		0.73			
4491-004-001		0.28			
4491-004-002		0.34			
4491-004-010		0.82			
4491-004-011		0.95			
4491-008-003		10.06			
4492-006-014		0.1			
4492-006-015		1.66			
4492-006-016		0.26			
4492-007-020		1.21			
4492-012-023		0.41			
4492-012-024		6.74			
4492-028-002		3.22			
4492-029-008		2.74			
4493-010-003		0.94			
4493-010-004		1.59			
4493-010-005		15.22			
4493-011-017		2.53			
4493-011-037		2.75			
4493-012-010		5.72			
4493-013-016		1.34			
4493-014-021		130.52			
4493-014-024		153.02			
4493-015-003		78.28			
4493-035-003		17.91			
4494-022-019		5.05			

END NOTES

1. Florida Department of Environmental Protection. (formerly the Florida Department of Natural Resources.) The State of Florida, pub. Tallahassee, FL. (<http://www.dep.state.fl.us>)
2. American Forestry Association. The American Forestry Association, pub. Washington D.C. (<http://www.americanforests.org>)
3. Rodbell, Phillip, Greg McPherson and Jim Geiger. "Planting the Urban Desert." In *Urban Forests* 11(3):8-10, July 1991.
4. Ulrich, Dana. "Put a Value on Open Space." Recorder Publishing Company newspapers. Bernardsville, NJ. April 25, 1996. From Thibideau, F.R, and Ostro, B.D. "An Economic Analysis of Wetland Protection". *Journal of Environmental Management* 12:19-30. Academic Press. San Diego, CA.1981.
5. Smith, Van. "Protecting Rivers, Trails, and Greenways Reap Economic Returns." *Exchange*. Summer 1991. Reprinted in *Economic Benefits of Land Protection*. Infante, R. ed. The Land Trust Alliance, Washington, D.C. 1994
6. Thibideau, F.R, and Ostro, B.D. "An Economic Analysis of Wetland Protection". *Journal of Environmental Management* 12:19-30. Academic Press. San Diego, CA. 1981.
7. Love, L. and Crompton, J. *Trends: Parks, Practice and Program*. Oxford University Press-USA. New York, NY. 1993.
8. *1993 State of the Industry Report* . Widdekind, L. ed. The Outdoor Industry Association (The Outdoor Recreation Coalition of America and the Sporting Goods Manufacturers Association's Outdoor Products. pub.) Boulder CO. 1993
9. *California Parks and Recreation*. The California Parks and Recreation Society, pub. Sacramento, CA. (<http://www.cprs.org>)
10. PKF Consulting. San Francisco, CA. "Analysis of the Economic Impacts of the Northern Central Rail Trail." For the Greenways Commission, Maryland Department of Natural Resources, Annapolis, Maryland. June 1994.
11. Ibid. Smith, Van.
12. Ibid. California Parks and Recreation. 1997.
13. *Parks and Recreation*, National Recreation and Park Association, pub. Ashburn, Virginia. January 2001. (<http://www.nrpa.org/>)
14. RAND Corporation, Santa Monica, CA 1993.
15. National Park Service. NPS Technical Information Center. Washington D.C, 1983.
16. *Report of the President Commission on Americans Outdoors*, U.S. Government Printing Office: Management. Washington D.C. 1987
17. New England Governors Conference, Inc. Boston, MA 1988. (<http://www.newenglandgovernors.org>.)
18. A survey of property owners in the Assessment District was conducted by Godbe Research and Analysis in April, 2002. This survey, which was conducted using a random, stratified sample methodology, has a margin of error of less than 4%. The survey found that 64% of property owner respondents felt that acquiring and preserving nature lands was either extremely or very important, and 90% felt that it was either extremely, very or somewhat important. Moreover, the survey found that 75% of property owners believe that the protection of local open space is a special benefit to their property.
19. Ibid. NPS.
20. Ibid. NPRA. June 1985.

21. Ibid. NPS. 1990.
22. Knox v. City of Orland, 4 Cal.4th 132, 143 (1993) the Supreme Court of California.
23. Wilson v. Lambert (1898) 168 U.S. 611, 616 [42 L.Ed. 599, 601, 18S.Ct.217] the United States Supreme Court.
24. Garvin and Berens. *Urban Parks and Open Space*, 27. American LIVES, Inc. 1996 Survey. 1996.
25. "The Value of Parks." From the Testimony before the California Assembly Committee on Water, Parks and Wildlife. May 18, 1993.
26. U.S. Treasury Regulation Sec. 14(h)(3)(i).
27. When Assessment District facilities are used by those individuals, the facilities are not providing benefit to property within the Assessment District. Such use under these circumstances is a measure of general benefit. For example, a non-resident who is drawn to utilize the Assessment District facilities and shops at local businesses while in the area would provide special benefit to business properties as a result of his or her use of the improvements. Conversely, someone who uses Assessment District facilities but does not reside, work, shop or own property within the Assessment District boundaries does not provide special benefits to any property and is considered to be a measure of the general benefits.
28. A total of 238 users of open space areas were surveyed on different days and times during the months of March and April 2002 at properties deemed to be similar to the Open Space Properties. Twenty-seven respondents (11%) indicated that they did not reside or work within the Assessment District.