

**Metro****AUGUST 8, 2008**

TO: BOARD OF DIRECTORS

THROUGH: ROGER SNOBLE
CHIEF EXECUTIVE OFFICER

FROM: CAROL INGE, CHIEF PLANNING OFFICER *CI*
COUNTYWIDE PLANNING & DEVELOPMENT

SUBJECT: 2008 TAX YEAR BENEFIT ASSESSMENT RATE FOR
METRO RAIL RED LINE DISTRICT A2

ISSUE

In August 2008, staff will forward the final Metro Rail Red Line Benefit Assessment District A2 ("the District") assessments for the 2008 Tax Year to the County of Los Angeles Assessor's Office for collection. The 2008 Tax Year rate for the District will be set at **\$0.05 per assessable square foot**. This is the last assessment year for the A2 Benefit Assessment District. We will retire the remaining A2 District's bonds in September 2009.

BACKGROUND

The District generated \$6.5 million of construction funding in 1992 through the issuance of bonds to fund Metro Rail Red Line Segment 1 station construction costs. The District continues to exist through 2009 in order to collect assessments to repay the bonds. The District includes 187 assessable properties, which have 3.1 million assessable square feet. The amount of the assessment rate is carefully calculated to ensure the financial health of the District and concurrently minimize the impact of the assessments on the property owners. The assessment rate was set considering the final bond debt service requirements, projected assessable square footage and other factors in order to facilitate management of the assessment rate through 2009.

For the 2007 Tax Year, the assessment rate was \$0.30 per assessable square foot, resulting in a gross assessment of \$924,882. The total collections to date were \$832,855. The final payment from the County Assessor's Office is due in August. When collected, the current period assessments, in combination with the \$240,000 debt service subsidy, recovery of prior period delinquent amounts, and interest earnings are more than sufficient to meet the September 2008 debt payments of \$1,123,300. Debt service payments for the 2008 Tax Year are due in March and September 2009.

An estimate of the 2008 Tax Year sources and uses of revenue, which includes debt service payments due in March and September 2009, is provided below.

Sources:

Net collections	\$ 61,220
Reserve Fund	\$ 777,054
Surplus Account Funds to Subsidize Rate	<u>\$ 546,460</u>
Total Sources of Funds	\$1,384,734

Uses:

Debt Service	\$1,145,050
Administration	\$ 75,000
Appeals refunds	\$ 100,000
Transfer to Surplus Account	<u>\$ 64,684</u>
Total Uses of Funds	\$1,384,734

Net collections amount accounts for 3.85% delinquency factor, based on experience.

NEXT STEPS

The following are the next steps that the Benefit Assessment Districts Program will implement:

- August 2008** The Program staff submits the final 2008 Tax Year assessment tape. The Auditor-Controller prepares a new Tax Roll with the direct assessments.
- September 2008** The Secured Tax Roll and bills are printed and mailed out to property owners for payments due in December 2008 and April 2009.
- November 2008** Metro receives the LS09 Report "Agency Lien List," which provides the direct assessments billed for the current tax year.
- December 2008** Metro receives collections from County Assessor
January, April 2009
May, August 2009
- September 2009** Metro retires A2 District bonds.

Prepared by: David Sikes, Manager
Benefit Assessment Districts Program

Michael J. Smith, Assistant Treasurer