


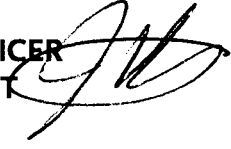


# Metro

August 19, 2005

**TO: BOARD OF DIRECTORS**

**THROUGH: ROGER SNOBLE**   
**CHIEF EXECUTIVE OFFICER**

**FROM: JAMES L. de la LOZA, CHIEF PLANNING OFFICER**   
**COUNTYWIDE PLANNING & DEVELOPMENT**

**SUBJECT: TAX YEAR 2005 BENEFIT ASSESSMENT RATE FOR  
METRO RAIL RED LINE DISTRICT A2**

## ISSUE

In August 2005, staff will forward the Metro Rail Red Line Benefit Assessment District A2 ("the District") assessments for the 2005 Tax Year to the County of Los Angeles Assessor's Office for collection. The 2005 Tax Year rate for the District will be set at **0.30 per assessable square foot**, which is slightly lower than the previous year's assessment rate of \$0.31.

## 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 245 assessable properties, which have 3.25 million assessable square feet. The amount of the assessment rate is carefully managed to ensure the financial health of the District and concurrently minimize the impact of the assessments on the property owners. Assessments through the final bond maturity in September 2009 have been projected considering bond debt service requirements, projected assessable square footage and other factors in order to facilitate management of the assessment rates through 2009. The District's finances are being managed with the objective of maintaining the levies at current levels and avoiding the previously planned increases.

For the 2004 Tax Year, the assessment rate was \$0.31 per assessable square foot, resulting in a gross assessment of \$1,000,338. Total collections through June 30, 2005, were \$902,527. 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 will meet the total debt payments of \$1,146,546. Debt service payments for the 2004 Tax Year are due in March and September 2005.

An estimate of the 2005 Tax Year sources and uses of revenue, which includes debt service payments due in March and September 2006, is provided below.

**Sources:**

Net collections	\$ 826,745
Receipts from delinquencies	\$ 53,280
Interest on Reserve and Surplus Accounts	\$ 37,687
Surplus Account Funds to Subsidize Rate	\$ 285,000
<b>Total Sources of Funds</b>	<b>\$1,202,712</b>

**Uses:**

Debt Service	\$1,145,025
Appeals adjustments	\$ 20,000
Deposit to Surplus Account	\$ 37,687
<b>Total Uses of Funds</b>	<b>\$1,202,712</b>

When determining the sources of funds, we assumed the following:

- Net collections amount accounts for 8.90% delinquency factor, based on experience.
- Receipts from delinquencies was factored down to assume a collection rate of only 80% of the actual annual average amount collected in each of the past three years.
- Interest amount assumes 3% interest rate or interest earnings of \$37,687 on the balance in the Reserve Account and Surplus Fund.
- An amount of \$285,000 from the Surplus Account will be used to subsidize debt service and reduce the levy rate.

**NEXT STEPS**

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

- **August 2005** The Secured Tax Roll and bills will be printed and mailed out to property owners for payments due in December 2005 and April 2006.
- **September 2005** The Secured Tax Roll and bills are printed and mailed out to property owners for payments due in December 2005 and April 2006.
- **November 2005** The MTA receives the LS09 Report "Agency Lien List," which provides the direct assessments billed for the current tax year.

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Benefit Assessment Districts Program

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