





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 AND DEVELOPMENT 

SUBJECT: TAX YEAR 2005 BENEFIT ASSESSMENT RATE
FOR METRO RAIL RED LINE DISTRICT A1

ISSUE

In August 2005, staff will forward the Metro Rail Red Line Benefit Assessment District A1 ("the District") assessments for the 2005 Tax Year to the Los Angeles County Assessor's Office for collection. The 2005 Tax Year assessment rate for the District is set at **\$0.33 per assessable square foot**, which is the same as the previous year's assessment.

BACKGROUND

The District generated \$123.7 million of construction funding in 1992 for Metro Rail Red Line Segment 1 through the issuance of the District's bonds. The District continues to exist through 2009 in order to collect assessments to repay the bonds. The District includes 1,400 assessable properties, which have 60.3 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.

In June 2003, the Board authorized a levy mitigation program to assist in maintaining levies at their current levels. Each year, through August 2007, an amount of funds will be transferred from the Surplus Account of the A1 District in order to defease (retire) a portion of the bonds and eliminate the respective debt service from the assessment rate calculation for the upcoming year. The levy mitigation program will reduce the assessment rates planned for Tax Years 2003 through 2007, and avoid large rate increases that would have taken effect beginning in the 2003 Tax Year. Without the mitigation program, the assessment rate would have increased significantly and more closely approximated the \$0.42 per square foot maximum.

For the 2004 Tax Year, the assessment rate was \$0.33 per assessable square foot. The gross adjusted assessment was \$19,991,128. The total collected to date is \$19,157,549. The final payment from the Assessor Office is due in August. When collected, the current period assessments, in combination with the \$3,146,063 debt service reduction from the defeasance of outstanding bonds, recovery of prior period delinquent amounts and interest earnings will be more than sufficient to meet the 2005 debt payments of \$21,609,970. 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 collection	<u>\$19,598,068</u>
Total Sources of Funds	\$19,598,068

Uses:

Debt service	\$21,713,195	
Less: Defeased debt service	<u>3,047,040</u>	
Net debt service		\$18,666,155
Administration		\$ 350,000
Appeals and refunds		\$ 100,000
Transfers to surplus fund		<u>\$ 481,913</u>
Total Uses of Funds		\$19,598,068

NEXT STEPS

The following are the next steps that the Benefit Assessment District Program is implementing:

- **August 2005** The Program staff submits the final Tax Year 2005 assessment tape. The Auditor-Controller prepares a new Tax Roll with the direct assessments.
- **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.

Prepared by: David Sikes, Manager
 Benefit Assessment Districts Program

 Michael Smith, Assistant Treasurer

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