

STREET IMPROVEMENT BOND PROGRAM ASSESSMENT DISTRICTS

Proposition 218 establishes the formation and ratification procedure for all special assessment districts. Pursuant to the Streets and Highways Code Section 5000, the City of Los Angeles currently utilizes the Improvement Act of 1911 to fund various improvements by issuing bonds that are generally secured by the property within the district and is repaid with the money generated by the assessment. Some examples of improvements are street lighting, sewers, parkways, and sidewalks. Below is a general outline of the assessment process.

Interested property owner(s) (petitioner) obtains petition from Public Works, Bureau of Engineering's (BOE) local district office.

1. Petitioner submits petition back to district office with property owners' signatures in the area requesting the improvement.
2. BOE approves the petition and works with the petitioner to establish the district boundary
3. BOE investigates and prepares a preliminary cost estimate.
4. BOE spreads estimated costs among the properties in the district proportional to the benefit they receive.
5. BOE conducts a straw vote of the property owners in the district. Public hearings are also conducted on the proposed assessment.
6. If a majority of property owners are in favor of the assessment amount, BOE reports to Council and the project is authorized by City Council.
7. BOE then designs the project and prepares final cost estimate and spreads the cost among the properties once again.
8. City Council adopts an Ordinance of Intention and directs the City to conduct the official Prop 218 balloting.
9. The Office of the City Clerk conducts an official Prop 218 ballot. Property owners have 45 days to vote.
10. If 50% or more of property owners favor the assessment amount for the project, it passes and the City Council orders the project to be constructed.
11. The City advertises for bonds to be issued to pay for the construction.
12. BOE solicits construction bids, awards to the lowest bidding contractor and issues a Notice to Proceed after receiving documentation satisfying the City requirements such as bonding and insurance etc.
13. Once the contract is awarded, the contractor starts construction typically within one to three weeks following the Notice to Proceed.
14. Following acceptable completion of construction, the Board of Public Works and the City Council hold public hearings to accept the work.
15. After the confirmation of the assessment by the City Council, BOE will mail bills to property owners.
16. Property owners have 30 days to pay all, none, or any portion of the assessment.
17. Any unpaid amounts go to bonds which are repaid over the life of the bonds, typically 10 years, as determined by the amount of the assessment.

FREQUENTLY ASKED QUESTIONS

1. Why I am receiving a bill for an assessment?

Your property is located within an assessment district that has been assessed for special improvements.

2. Who initiates the improvement process?

Interested property owners within a specific area initiate the process.

3. Can I pay the full amount?

Yes, upon completion of the project, property owners have 30 days to pay the assessment.

4. Why does the amount on the bill include interest?

If the property owner selects the option to pay the assessment over a period of time, interest is added to the total amount due.

5. I was not notified about the assessment.

The Office of the City Clerk conducts an official Prop 218 ballot wherein property owners have 45 days to vote. Once the City Council has confirmed the assessment district, property owners receive a bill from Public Works, Bureau of Engineering or Street Lighting, depending upon the project.

6. When does the City Treasurer mail invoices?

Invoices for **non-delinquent** billings are sent the first week of October for December's payment and the first week in April for June's payment. Payments are semiannual with interest payable in June and December.

Invoices for **delinquent** billings are sent in February and August.

7. Why is the December billing amount larger than the June billing?

December's billing includes principal and 50% of the interest for the year while June's billing consists of six months interest for the year.

8. Why is a penalty being assessed?

If principal and interest are not paid on the **due date**, a penalty of 2% is assessed for each month.

9. Can the penalties assessed be waived?

Penalties cannot be waived.

10. What if I do not pay the bill?

Penalties will be added to the amount due and a lien will be filed against the property. Delinquent accounts may result in foreclosure proceedings at the request of the bondholder.

11. I did not receive a statement and/or billing notice.

You may contact the Office of Finance to verify if a statement was mailed. Notification to our office should be made if there is a change of address to prevent notices being delayed.

12. May I pay online?

An online system has not yet been established. Payments should be in the form of check or money order.

13. I do not understand the bill. How do I read it?

On your invoice, your account number will appear on the right hand side and directly below that information is the minimum amount due. A breakdown of the bill will appear on the left hand side.

14. I am no longer employed and cannot pay the bill.

Please contact Randy Price, BOE at (213) 482-7120 to determine if you qualify for assistance.

15. How do I benefit from these improvements?

Depending on the improvement within your district, it may increase the value of your home and make the neighborhood more desirable.

16. Who benefits from the payments that are being made?

These projects are not funded by the City of Los Angeles but by outside bondholders who are reimbursed once payments are received from property owners. The City Treasurer acts an agent between the homeowners and the bondholders.

17. Can I pay the whole assessment amount before the bond matures?

Yes, however, there is a premium of 5% on the remaining principal outstanding.

18. I am the new owner of a certain property. Why I am receiving an assessment from the City?

If the assessment was not paid when the property was acquired, you as the new owner assume the assessment.

Need additional information, please contact:

Public Works, Bureau of Engineering at (213) 482-7120 for project information

Office of Finance, Treasury Services Division at (213) 978-1730 for billing information

