CITY OF MALIBU
ASSESSMENT DISTRICT NO. 98-3
MALIBU ROAD

ANNUAL ADMINISTRATION REPORT
FY 2023-2024

May 22, 2023

PREPARED FOR:
City of Malibu
Public Works Department
23825 Stuart Ranch Road
Malibu, CA 90265-4861

PREPARED BY:
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TABLE OF CONTENTS

I. Introduction

This report provides an analysis of the financial and administrative obligations of Assessment District No. 98-3 (Malibu Road) ("AD No. 98-3" or the "District") to be paid through the collection of assessments in fiscal year (FY) 2023-2024.

This report is organized into the following sections:

Section I - Background
Section I provides information regarding the formation of AD No. 98-3.

Section II - Facilities and Maintenance Financed
Section II provides information regarding the facilities and maintenance financed by AD No. 98-3.

Section III - Cost Estimate
Section III presents the projected budget for FY 2023-2024, the budget for FY 2022-2023, and projected year-end costs for maintenance of the landslide maintenance facilities.

Section IV - Annual Assessments
Section IV contains the proposed assessment of the total FY 2023-2024 maintenance costs upon the parcels within AD No. 98-3 in proportion to the estimated benefits to be received by such parcels from said maintenance, and a reduced copy of the assessment diagram.

II. Background

On February 26, 1981, the Board of Supervisors of the County of Los Angeles (the "Board") established County Service Area (CSA) No. 2 pursuant to the County Service Area Law (Government Code Sections 25210.1 et. seq.). CSA No. 2 was formed to provide a source of funding for the installation of a system of permanent pumps for wells (installed in response to the 1978 storms) and other facilities in addition to funding the maintenance of these wells and facilities. Upon incorporation of the City of Malibu, the CSA ceased to exist, and the City became responsible for the operation and maintenance of these facilities.

As part of the City's maintenance of the existing system of improvements, the City's Geotechnical Consultant monitors ground movement, dewatering activities, groundwater levels, and water usage within AD No. 98-3. As a result of the intense winter storms of 1997- 98, the City's Geotechnical Consultant recommended a new analysis of the reactivated landslide plane and reconstruction of the existing dewatering and monitoring system, including installation of the following: a new surface conveyance line, additional dewatering wells, hydraugers, and slope inclinometers.

On June 29, 1998, the City Council of the City of Malibu held a public hearing regarding the Resolution of Intention and Engineer's Report for the reconstruction and annual maintenance of these improvements by AD No. 98-3. A majority of the assessment ballots tabulated at the public hearing were in favor of the assessment and a Resolution approving the Engineer's Report, confirming the assessments, and ordering the construction ·of the improvements was adopted.

III. Facilities and Maintenance Financed

The City proposes to levy assessments in FY 2023-2024 to finance the inspection, maintenance and repair of the following facilities and activities:

- Dewatering wells (14 each);
- Standpipes/monitoring wells (7 each);
- Hydraugers (19 each);
- Slope inclinometers (5 each); and
- Energy costs.

The maximum annual assessment for FY 2023-2024 is $646.33 per benefit assessment unit which reflects an increase of 3.65%. The maximum annual increase in the maximum assessment is limited to the percentage change in the Consumer Price Index, All Urban Consumers, Los Angeles-Long Beach-Anaheim, CA (the "CPI") or 5.00%. The change in the CPI is 3.65%. The benefit assessment units applicable to each parcel depend upon land use.

The FY 2023-2024 budget is $76,898, which consists of costs for operation/maintenance, replacement/special projects, energy, and administration. This is based on projected needs for an average rainfall year. In addition to estimated costs, the assessment levy includes reserves to cover possible expenses associated with an above-average rainfall year and delinquent assessments. Any funds not used in the current year are held in the assessment district account and applied to the next fiscal year. The desired wet-year contingency is equal to 100% of costs for operation/maintenance and replacement/special projects for an above-average rainfall year, or $62,500. However, the actual wet-year contingency for FY 2023-2024 is limited to $34,839, or approximately 55.74% of the full wet-year contingency as the maximum annual assessments are insufficient to fund the full amount.

The budgeted reserves, including reserves for estimated delinquent assessments, are $38,910 or approximately 51% of the estimated FY 2023-2024 budget (55.74% of costs for operation/maintenance and replacement/special projects for an above-average rainfall year and 6.30% of the total assessment for a delinquency contingency which is based on the FY 2022-2023 delinquency rate as of April 19, 2023). The total amount necessary to cover the budget costs and reserves is $115,808; subtracting the estimated FY 2022-2023 year-end fund balance of $51,175 from this amount results in a desired assessment levy of $64,633.

The number of benefit assessment units applicable to each parcel depends upon location and land use. Properties located within Zone A are assigned benefit assessment units for both slide protection and road access. Properties located within Zone B are assigned benefit units for slide protection only. A comparison of FY 2023-2024 and FY 2022-2023 assessment amounts by zone and for selected land uses is shown in Table IV-1 below.

TABLE IV-1 CITY OF MALIBU ASSESSMENT DISTRICT NO. 98-03 (MALIBU ROAD) SUMMARY OF ANNUAL MAINTENANCE ASSESSMENT					
		ACTUAL ANNUAL ASSESSMENT		MAXIMUM ANNUAL ASSESSMENT	
ZONE/LAND USE	BENEFIT UNITS	FY 2022-23	FY 2023-24	FY 2022-23	FY 2023-24
Zone A – Protection & Access					
Single-Family Home	2.00	$1,247.14	$1,292.66	$1,247.15	$1,292.66
Condominium/Apartment	1.65	$1,028.89	$1,066.44	$1,028.90	$1,066.44
Zone B – Access Only					
Single-Family Home	1.00	$623.57	$646.33	$623.57	$646.33
Condominium/Apartment	0.65	$405.32	$420.11	$405.32	$420.12
Total Budget		$62,356.98	$64,632.94	$62,356.98	$64,632.94
Total Benefit Units		100.00	100.00	100.00	100.00

A. Annual Assessments

Pursuant to the provisions of law, the costs and expenses of the facilities inspection, maintenance, and repair to be performed in AD No. 98-3 have been assessed to the parcels of land benefited thereby in direct proportion and relation to the estimated benefits to be received by each of said parcels. For particulars as to the identification of said parcels, reference is made to the Assessment Roll, a copy of which is attached hereto as Exhibit B. For particulars as to the determination of benefit, reference is made to the Method of Assessment, a copy of which is attached hereto as Exhibit C.

B. Assessment Diagram

The assessment diagram is attached hereto as Exhibit D.

EXHIBIT A

BUDGET AND COST ESTIMATE

CITY OF MALIBU
ASSESSMENT DISTRICT NO. 98-03
(MALIBU ROAD)

FISCAL YEAR 2023-2024 BUDGET

FISCAL YEAR 2022-23 RESOURCES[(a)]		
1	Beginning Fund Balance (Audited)	$65,078.00
2	Assessment Proceeds[b]	$58,428.49
3	Total FY 2022-2023 Resources Available (Line 1 + Line 2)	$123,506.49
FISCAL YEAR 2022-23 EXPENDITURES[(a)]		
4	Operation & Maintenance and Other Expenditures (Projected)	($72,331.00)
5	FY 2022-2023 Ending Fund Balance (Line 3 + Line 4)	$51,175.49
FISCAL YEAR 2023-24 EXPENDITURES[(a)]		
6	Estimated Operation/Maintenance and Replacement/Special Projects (See attached FY 2023-2024 Cost Estimate)	($62,500.00)
7	Estimated City Administration and Energy Costs (See attached FY 2023-2024 Cost Estimate)	($14,398.00)
8	Reserve Amount[(c)] (55.74% x Line 6)	($34,838.55)
9	Delinquency Contingency[(d)] (6.30% x Line 11)	($4,071.88)
10	Total FY 2023-2024 Expenditures	($115,808.43)
11	Assessment (Line 5 + Line 10)	$64,632.94
12	Estimated FY 2023-2024 Surplus/Deficit (Line 5 + Line 10 + Line 11)	$0.00

[(a)] Numbers in parentheses represent expenditures. Positive numbers represent revenue sources.
[(b)] Reflects the assessment revenue collected for FY 2022-2023 by the County Tax-Collector as of April 19, 2023.
[(c)] Desired reserve amount for above average rainfall and other unknowns is equal to 100.00% of FY 2023-2024 estimated operation/maintenance and replacement/special projects. The actual funded reserve amount is equal to 55.74% of such amount.
[(d)] Desired delinquency contingency is equal to 6.3% (based on the FY 2022-2023 delinquency rate as of April 19, 2023). Delinquency contingency is funded at the desired amount.

Appendix A

City of Malibu
Assessment District No. 98-03
(Malibu Road)

FY 2023-24 Maintenance Cost Estimate

Task	FY 2022-23 Budget Summary	FY 2022-23 Projected Year End Costs	FY 2023-24 Budget Summary	% Change
I. City Administration				
Report Preparation, Assessment Roll, Noticing	$4,950.00	$4,950.00	$5,148.00	4.00%
Project Administration	$7,371.00	$7,371.00	$7,640.00	3.65%
Legal Fees	$300.00	$0.00	$300.00	N/A
Tax Collector's Fee	$10.00	$10.00	$10.00	0.00%
Subtotal	$12,631.00	$12,331.00	$13,098.00	6.22%
II. Dewatering System Monitoring and Maintenance				
Monitoring[a]	$16,000.00	$16,000.00	$16,000.00	0.00%
Maintenance[b]	$14,500.00	$14,500.00	$14,500.00	0.00%
Data Management	$6,500.00	$6,500.00	$6,500.00	0.00%
Reporting[c]	$4,500.00	$4,500.00	$4,500.00	0.00%
Public Outreach	$1,000.00	$1,000.00	$1,000.00	0.00%
Emergency Services	$0.00	$0.00	$0.00	N/A
Administration	$5,000.00	$5,000.00	$5,000.00	0.00%
Facility Inventory	$0.00	$0.00	$0.00	N/A
Subtotal	$47,500.00	$47,500.00	$47,500.00	0.00%
III. Capital Improvement Replacements & Special Projects				
Brush, Bail, Video Log (W-6, W-8, W-9, W-10)	$0.00	$0.00	$0.00	N/A
Build protection around electrical boxes on Malibu Road	$0.00	$0.00	$0.00	N/A
Transducers	$1,500.00	$0.00	$0.00	N/A
W-6 electronics and vault repairs/replacement	$8,500.00	$8,500.00	$0.00	-100.00%
Aerial Lidar	$0.00	$0.00	$0.00	N/A
Design for Surface Drain Improvements	$5,000.00	$3,000.00	$5,000.00	66.67%
LIDAR or Scanning	$0.00	$0.00	$10,000.00	N/A
Subtotal	$15,000.00	$11,500.00	$15,000.00	30.43%
IV. Energy	$1,300.00	$1,000.00	$1,300.00	30.00%
V. Grand Total	$76,431.00	$72,331.00	$76,898.00	6.31%

[a] Monitoring: dewatering wells, monitoring wells, hydraugers, slope inclinometers, and surface survey.
[b] Maintenance: dewatering wells, hydraugers, slope inclinometers, conveyance piping, and miscellaneous repairs.
[c] Reporting: annual LAD report.

EXHIBIT B

ASSESSMENT ROLL

City of Malibu Assessment District No. 98-03 (Malibu Road) Fiscal Year 2023-24 Assessment Roll			
Assessor's Parcel Number	Assessment Number	BAU	FY 2023-24 Assessment
4459-013-001	A11	2.00	$1,292.66
4459-013-002	A12	2.00	$1,292.66
4459-013-021	B01	1.00	$646.33
4459-014-001	A10	2.00	$1,292.66
4459-014-002	A09	2.00	$1,292.66
4459-014-003	A08	2.00	$1,292.66
4459-014-004	A07	2.00	$1,292.66
4459-014-005	A06	2.00	$1,292.66
4459-014-006	A05	2.00	$1,292.66
4459-014-007	A04	2.00	$1,292.66
4459-014-008	A03	2.00	$1,292.66
4459-014-009	A02	2.00	$1,292.66
4459-014-010	A01	2.00	$1,292.66
4459-014-018	B02	1.00	$646.33
4459-016-012	A13	2.00	$1,292.66
4459-016-013	A14	2.00	$1,292.66
4459-016-014	A15	3.30	$2,132.89
4459-016-015	A16	6.60	$4,265.78
4459-016-016	A17	3.30	$2,132.89
4459-016-017	A18	4.95	$3,199.33
4459-016-018	A19	4.95	$3,199.33
4459-017-002	A24	6.60	$4,265.78
4459-017-003	A25	2.00	$1,292.66
4459-017-004	A26	8.25	$5,332.22
4459-017-005	A27	2.00	$1,292.66
4459-017-006	A28	8.25	$5,332.22
4459-017-019	A21	1.65	$1,066.44
4459-017-020	A20	1.65	$1,066.44
4459-017-021	A22	1.65	$1,066.44
4459-017-022	A23	1.65	$1,066.44
4459-017-030	A30	1.65	$1,066.44

City of Malibu
Assessment District No. 98-03
(Malibu Road)

Fiscal Year 2023-24 Assessment Roll

Assessor's Parcel Number	Assessment Number	BAU	FY 2023-24 Assessment
4459-017-031	A31	1.65	$1,066.44
4459-017-032	A32	1.65	$1,066.44
4459-017-033	A33	1.65	$1,066.44
4459-017-039	A29-A	1.65	$1,066.44
4459-017-040	A29-B	1.65	$1,066.44
4459-017-041	A29-C	1.65	$1,066.44
4459-017-042	A29-D	1.65	$1,066.44
		100.00	$64,632.94

EXHIBIT C

METHOD OF ASSESSMENT APPORTIONMENT

Method of Spread of Assessment

Assessments levied pursuant to the Municipal Improvement Act of 1913 (hereinafter referred to as the "Act") must be based on the benefit which each property receives from the system of improvements. Furthermore, as a result of Proposition 218, more stringent standards have been imposed for determining benefit. For example, Proposition 218 requires that special and general benefits be separated, with the amount of any assessment limited to the special benefits so conferred. Neither the Act nor Proposition 218 specify the method or formula for apportioning benefit or distinguishing special from general benefits.

Identification of the benefit the reconstruction and maintenance of the system of improvements will render to the properties in the Assessment District is the first step in developing the assessment spread methodology. The next step is to determine if the properties in the Assessment District receive a direct and special benefit from the system of improvements which is distinct from benefit received by the general public. For this Assessment District these determinations were made by David Taussig & Associates, the Assessment Engineer; in consultation with the City's Geotechnical Consultant; and the City of Malibu Public Works Department.

Project Need
The primary purpose of the dewatering and monitoring system to be reconstructed and maintained by the AD No. 98-3 is the reduction of groundwater from rainfall and residential effluent percolating down to the slide plane. This reduction in groundwater stabilizes the landslide outlined on the assessment diagram attached as Exhibit D. Stabilization of the landslide plane provides two distinct types of benefit to property within AD No. 98-3: protection of the property (i.e., the parcels) located on the slide plane and protection of the roads within the District.

Assessment District Boundary
The District boundary as shown in Exhibit D was established to encompass those properties which are specifically benefited by the system of improvements. This includes all properties which are located in whole or in part within the ancient landslide area and all properties which are accessed via streets within the landside area.

Specific Benefit
The system of improvements to be installed and maintained by the District specifically benefit the properties within the District in two distinct ways: protection of the property and protection of the roads. First, the dewatering system protects properties located within the ancient slide boundary by reducing the risk and degree of damage or distress suffered from slope failure and/or movement (the "protection" benefit). Second, access is maintained for those properties which are reached using roads affected by the slide (the "access" benefit). The benefits associated with Protection and Access are deemed to be equal, since the use of the property cannot be fully enjoyed without either one.

Malibu Road is currently a one-way road conveying traffic to the west. However, in the event the road was blocked by a landslide event, the traffic pattern could be changed to allow access from the east, to properties located west of the slide area. Therefore, there is no general benefit to the public and the Access benefit is specific to the properties within the slide area. Clearly, stabilization of the slide confers a special benefit enjoyed only by the properties which may be impacted by slope failure or movements. The April 1998 analysis prepared by City's Geotechnical Consultant, indicates the impacted properties are all located either within or on the slide boundary, or are located within the ancient slide boundary and would become unstable in the event of a landslide.

Method of Assessment

After the boundary of the District has been established and the determination of specific benefits has been made, the assessment to individual properties must be determined. As previously discussed, there are two types of direct and special benefit conferred upon property within the District, Protection and Access. Since not all properties receive both benefits, two zones have been established to distinguish those properties which only receive Access benefits from those which are within or on the ancient slide boundary and receive Protection benefits and Access benefits. Zone A encompasses those properties which receive both Protection and Access benefits, whereas Zone B encompasses those properties which receive Protection benefits only.

Protection benefits are allocated based on land use designation. The reason for this allocation is twofold. First, the proposed system of improvements has been sized to provide adequate dewatering capacity at full buildout. Second, the Protection benefit conferred upon each parcel of property is a function of each parcel's land use designation and the number of dwelling units. Each dwelling unit is deemed to be equally protected, therefore, no differentiation is made between single-family or condominium/apartment units. For purposes of assigning Protection Benefits to each parcel, one dwelling unit equals one Benefit Assessment Unit (BAU).

Access benefits are allocated to each parcel of land based on the estimated number of trips for that parcel's land use designation. Trip factor source data are from the Institute of Transportation Engineers Trip Generation study (5th Edition). The trip generation factors are shown below:

Table C-1

Trip Generation Factors And Benefit Assessment Units

Land Use	Average Weekday Trips/Unit	Benefit Assessment Units (BAUs)
Single-Family	9.55	1.00
Condominium/Apartment	6.23	0.65

Examples of the assignment of benefit assessment units are provided below for four different parcels: (1) a single-family residential parcel in Zone A, (2) a single-family residential parcel in Zone B, (3) a parcel with a single condominium unit in Zone A, and (4) a parcel with four apartment units in Zone A.

1. Single-Family Residential Parcel in Zone A

BAU for Protection Benefit	1.00
BAU for Access Benefit	1.00
Total BAUs	2.00

2. Single-Family Residential Parcel in Zone B

BAU for Protection Benefit	1.00
BAU for Access Benefit	0.00
Total BAUs	1.00

3. Parcel with Single Condominium Unit in Zone A

BAU for Protection Benefit	1.00
BAU for Access Benefit	0.65
Total BAUs	1.65

4. Parcel with Four Apartment Units in Zone A

BAU for Protection Benefit	4.00 (4 units x 1 BAU/unit)
BAU for Access Benefit	2.60 (4 units x 1 BAU/unit)
Total BAUs	6.60

Exemption from Annual Assessment

Any property within the District that is restricted in use as open space or against which a deed restriction preventing development is recorded may be deemed exempt from the levy of annual maintenance assessments by the City Council of the City of Malibu.

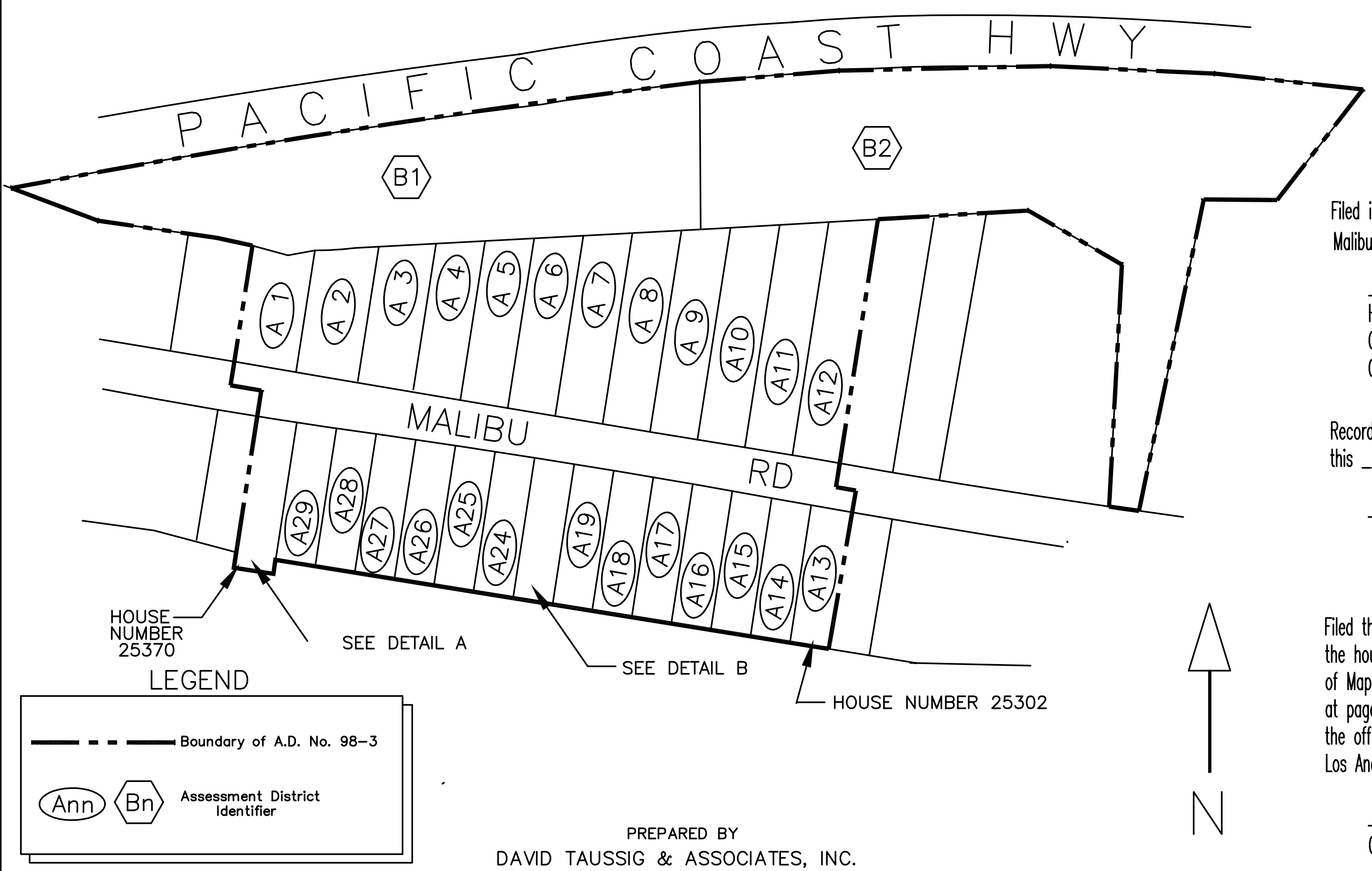
EXHIBIT D

ASSESSMENT DIAGRAM

SHEET 1 OF 2

ASSESSMENT DIAGRAM FOR ASSESSMENT DISTRICT NO. 98–3 CITY OF MALIBU –– (MALIBU ROAD) LOS ANGELES COUNTY, CALIFORNIA

Reference is hereby made to the Assessor maps of the County of Los Angeles for an exact description of the lines and dimensions of each lot and parcel.



Filed in the office of the City Clerk of the City of Malibu this ____ day of ________, 19____.

____
Harry Peacock
City Clerk of the City of Malibu
County of Los Angeles, State of California

Recorded in the office of the City Engineer this _____ day of _________, 19____.

____
Rick Morgan, P.E.
City Engineer, City of Malibu

Filed this _____ day of _________, 19____, at the hour of _____ o'clock __m, in Book ______ of Maps of Assessment and Community Facilities Districts at page ______ and as Instrument No. ______, in the office of the County Recorder in the County of Los Angeles, State of California.

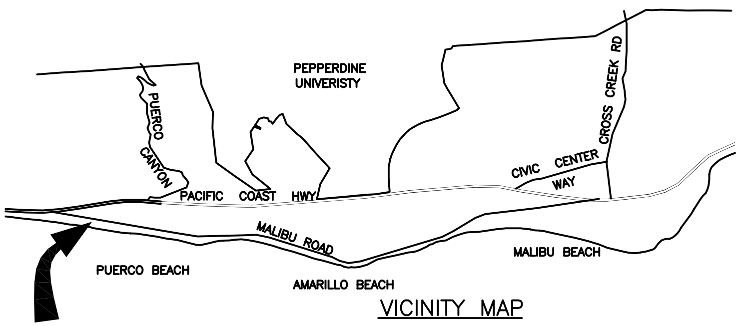
____
County Recorder of The County of Los Angeles

PREPARED BY
DAVID TAUSSIG & ASSOCIATES, INC.

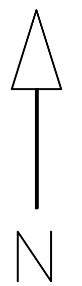
SHEET 2 OF 2

ASSESSMENT DIAGRAM FOR
ASSESSMENT DISTRICT NO. 98–3
CITY OF MALIBU –– (MALIBU ROAD)
LOS ANGELES COUNTY, CALIFORNIA

Reference is hereby made to the Assessor maps of the County of Los Angeles for an exact description of the lines and dimensions of each lot and parcel.



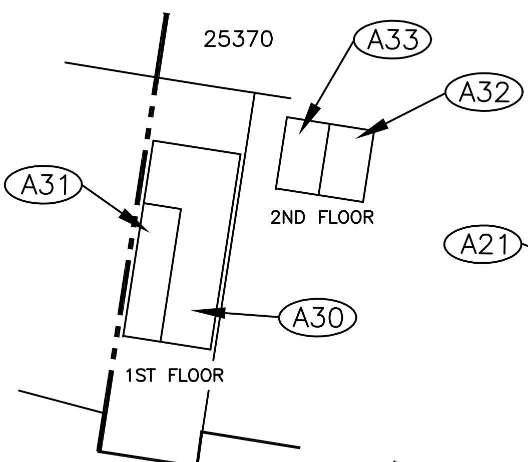
VICINITY MAP
NOT TO SCALE



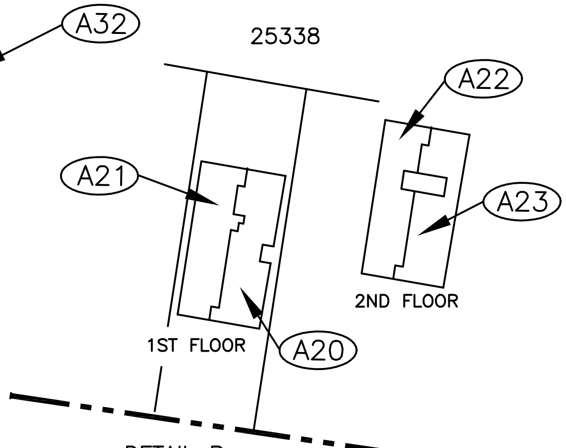
ASSESSMENT NUMBER	A.P.N.	SITUS ADDRESS
A01	4459–014–010	25377 MALIBU RD
A02	4459–014–009	
A03	4459–014–008	
A04	4459–014–007	
A05	4459–014–006	
A06	4459–014–005	
A07	4459–014–004	25331 MALIBU RD
A08	4459–014–003	25325 MALIBU RD
A09	4459–014–002	25321 MALIBU RD
A10	4459–014–001	25315 MALIBU RD
A11	4459–013–001	
A12	4459–013–002	25307 MALIBU RD
A13	4459–016–012	25302 MALIBU RD
A14	4459–016–013	25306 MALIBU RD
A15	4459–016–014	25308 MALIBU RD
A16	4459–016–015	25316 MALIBU RD
A17	4459–016–016	25322 MALIBU RD
A18	4459–016–017	25328 MALIBU RD
A19	4459–016–018	25330 MALIBU RD
A20	4459–017–020	25338 MALIBU RD
A21	4459–017–019	25338 MALIBU RD
A22	4459–017–021	25338 MALIBU RD
A23	4459–017–022	25338 MALIBU RD
A24	4459–017–002	25342 MALIBU RD
A25	4459–017–003	25346 MALIBU RD
A26	4459–017–004	25350 MALIBU RD
A27	4459–017–005	25360 MALIBU RD
A28	4459–017–006	25362 MALIBU RD
A29	4459–017–007	25366 MALIBU RD
A30	4459–017–030	25370 MALIBU RD
A31	4459–017–031	25372 MALIBU RD
A32	4459–017–032	25370 MALIBU RD
A33	4459–017–033	25372 MALIBU RD
B01	4459–013–021	
B02	4459–014–018	

An assessment was levied by the City Council on the lots, pieces, and parcels of land shown on this assessment diagram. The assessment was levied on the ______ day of _________, 19____. Reference is made to the assessment roll recorded in the office of the City Engineer for the exact amount of each assessment levied against each parcel of land shown on this assessment diagram.

____
Harry Peacock
City Clerk of the City of Malibu



DETAIL A
NOT TO SCALE



DETAIL B
NOT TO SCALE

PREPARED BY
DAVID TAUSSIG & ASSOCIATES, INC.