



CITY OF ATASCADERO CITY COUNCIL

AGENDA

Tuesday, May 8, 2018

**City Hall Council Chambers, 4th floor
6500 Palma Avenue, Atascadero, California
(Entrance on Lewis Ave.)**

City Council Regular Session:

6:00 P.M.

**Successor Agency to the Community
Redevelopment Agency of Atascadero
Regular Session:**

**Immediately following
the conclusion of the City
Council Regular Session**

REGULAR SESSION – CALL TO ORDER: 6:00 P.M.

PLEDGE OF ALLEGIANCE: Council Member Sturtevant

ROLL CALL: Mayor O'Malley
Mayor Pro Tem Fonzi
Council Member Bourbeau
Council Member Moreno
Council Member Sturtevant

APPROVAL OF AGENDA: Roll Call

Recommendation: Council:

1. Approve this agenda; and
2. Waive the reading in full of all ordinances appearing on this agenda, and the titles of the ordinances will be read aloud by the City Clerk at the first reading, after the motion and before the City Council votes.

PRESENTATIONS:

1. **Employee Service Awards**

A. CONSENT CALENDAR: (All items on the consent calendar are considered to be routine and non-controversial by City staff and will be approved by one motion if no member of the Council or public wishes to comment or ask questions. If comment or discussion is desired by anyone, the item will be removed from the consent calendar and will be considered in the listed sequence with an opportunity for any member of the public to address the Council concerning the item before action is taken.)

1. City Council Draft Action Minutes – April 24, 2018

- Recommendation: Council approve the City Council Draft Action Minutes of the April 24, 2018, City Council meeting. [City Clerk]

2. March 2018 Investment Report

- Fiscal Impact: None
- Recommendation: Council receive and file the City Treasurer's report for quarter ending March 2018. [Administrative Services]

3. Declaration of Consumer Price Index

- Fiscal Impact: None.
- Recommendation: Council adopt Draft Resolution declaring the San Francisco-Oakland-Hayward Consumer Price Index to be used for rate calculations for all assessment and special tax districts. [Administrative Services]

4. Apple Valley Assessment Districts

- Fiscal Impact: Annual assessments for 2018/2019 will total \$28,000 for road/drainage system maintenance and \$73,500 for landscape and lighting maintenance. These amounts will be assessed to the owners of parcels in Apple Valley.
- Recommendations: Council:
 1. Adopt Draft Resolution A initiating proceedings for the levy and collection of annual assessments for Atascadero Street and Storm Drain Maintenance District No. 01 (Apple Valley) for fiscal year 2018/2019.
 2. Adopt Draft Resolution B accepting and preliminarily approving the Engineer's Annual Levy Report regarding the Atascadero Street and Storm Drain Maintenance District No. 01 (Apple Valley).
 3. Adopt Draft Resolution C declaring the City's intention to levy and collect annual assessments within Atascadero Street and Storm Drain Maintenance District No. 01 (Apple Valley) in fiscal year 2018/2019, and to appoint a time and place for the public hearing on these matters.
 4. Adopt Draft Resolution D initiating proceedings for annual levy of assessments for the Atascadero Landscaping and Lighting Maintenance District No. 01 (Apple Valley) for fiscal year 2018/2019 pursuant to the provisions of Part 2 of Division 15 of the California Streets and Highways Code.
 5. Adopt Draft Resolution E for preliminary approval of the Annual Engineer's Levy Report for the Atascadero Landscaping and Lighting Maintenance District No. 01 (Apple Valley) for fiscal year 2018/2019.

6. Adopt Draft Resolution F declaring the City's intention to levy and collect assessments for the Atascadero Landscaping and Lighting Maintenance District No. 01 (Apple Valley) for fiscal year 2018/2019, and to appoint a time and place for the public hearing on these matters. [Administrative Services]

5. De Anza Estates Assessment Districts

- Fiscal Impact: Annual assessments for 2018/2019 will total \$30,562 for road/drainage system maintenance and \$15,875 for landscape and lighting maintenance. These amounts will be assessed to the owners of parcels in De Anza Estates. The City General Fund will contribute \$1,400 for the fiscal year 2018/2019 for half of the maintenance costs of the trails and open space.
- Recommendations: Council:
 1. Adopt Draft Resolution A initiating proceedings for the levy and collection of annual assessments for Atascadero Street and Storm Drain Maintenance District No. 03 (De Anza Estates) for fiscal year 2018/2019.
 2. Adopt Draft Resolution B accepting and preliminarily approving the Engineer's Annual Levy Report regarding the Atascadero Street and Storm Drain Maintenance District No. 03 (De Anza Estates).
 3. Adopt Draft Resolution C declaring the City's intention to levy and collect annual assessments within Atascadero Street and Storm Drain Maintenance District No. 03 (De Anza Estates) in fiscal year 2018/2019, and to appoint a time and place for the public hearing on these matters.
 4. Adopt Draft Resolution D initiating proceedings for annual levy of assessments for the Atascadero Landscaping and Lighting Maintenance District No. 03 (De Anza Estates) for fiscal year 2018/2019 pursuant to the provisions of Part 2 of Division 15 of the California Streets and Highways Code.
 5. Adopt Draft Resolution E for preliminary approval of the Annual Engineer's Levy Report for the Atascadero Landscaping and Lighting Maintenance District No. 03 (De Anza Estates) for fiscal year 2018/2019.
 6. Adopt Draft Resolution F declaring the City's intention to levy and collect assessments for the Atascadero Landscaping and Lighting Maintenance District No. 03 (De Anza Estates) for fiscal year 2018/2019, and to appoint a time and place for the public hearing on these matters. [Administrative Services]

6. Las Lomas (Woodridge) Assessment Districts

- Fiscal Impact: Annual assessments for 2018/2019 will total \$88,528 for road/drainage system maintenance and \$63,731 for landscape and lighting maintenance. These amounts will be assessed to the owners of parcels in Las Lomas (Woodridge). The City General Fund will contribute \$1,250 for the fiscal year 2018/2019 for 25% of the maintenance costs of the trails and open space.
- Recommendations: Council:
 1. Adopt Draft Resolution A initiating proceedings for the levy and collection of annual assessments for Atascadero Street and Storm

Drain Maintenance District No. 02 (Woodridge) for fiscal year 2018/2019.

2. Adopt Draft Resolution B accepting and preliminarily approving the Engineer's Annual Levy Report regarding the Atascadero Street and Storm Drain Maintenance District No. 02 (Woodridge).
3. Adopt Draft Resolution C declaring the City's intention to levy and collect annual assessments within Atascadero Street and Storm Drain Maintenance District No. 02 (Woodridge) in fiscal year 2018/2019, and to appoint a time and place for the public hearing on these matters.
4. Adopt Draft Resolution D initiating proceedings for annual levy of assessments for the Atascadero Landscaping and Lighting Maintenance District No. 02 (Woodridge) for fiscal year 2018/2019 pursuant to the provisions of Part 2 of Division 15 of the California Streets and Highways Code.
5. Adopt Draft Resolution E for preliminary approval of the Annual Engineer's Levy Report for the Atascadero Landscaping and Lighting Maintenance District No. 02 (Woodridge) for fiscal year 2018/2019.
6. Adopt Draft Resolution F declaring the City's intention to levy and collect assessments for the Atascadero Landscaping and Lighting Maintenance District No. 02 (Woodridge) for fiscal year 2018/2019, and to appoint a time and place for the public hearing on these matters. [Administrative Services]

7. East Front Street Pavement Rehabilitation Construction Award

- Fiscal Impact: The project is included in the FY 2017-2019 budget for \$300,000.00 in local transportation funds.
- Recommendations: Council:
 1. Award a construction contract for \$224,000 to Souza Construction Inc. for the East Front Street Pavement Rehabilitation Project (Project No. C2016R03, Bid No. 2018-002).
 2. Authorize the City Manager to execute a contract with Souza Construction, Inc. in the amount of \$224,000 for the construction of the East Front Street Pavement Rehabilitation Project.
 3. Authorize the Director of Public Works to file a Notice of Completion with the County Recorder upon satisfactory completion of the project. [Public Works]

UPDATES FROM THE CITY MANAGER: (The City Manager will give an oral report on any current issues of concern to the City Council.)

COMMUNITY FORUM: (This portion of the meeting is reserved for persons wanting to address the Council on any matter not on this agenda and over which the Council has jurisdiction. Speakers are limited to three minutes. Please state your name for the record before making your presentation. Comments made during Community Forum will not be a subject of discussion. A maximum of 30 minutes will be allowed for Community Forum, unless changed by the Council. Any members of the public who have questions or need information may contact the City Clerk's Office, between the hours of 8:30 a.m. and 5:00 p.m. at 470-3400, or cityclerk@atascadero.org.)

B. PUBLIC HEARINGS:

1. Weed Abatement – Hearing of Objections

- Ex-Parte Communications:
- Fiscal Impact: None. Costs of the weed abatement program are recovered through the assessments charged to non-compliant parcels that must be abated by the City Contractor.
- Recommendations: Council:
 1. Hear all objections to the proposed removal of vegetative growth and/or refuse and allow or overrule any objections.
 2. Authorize the Fire Chief to proceed and perform the work of abatement. [Fire Department]

C. MANAGEMENT REPORTS:

1. Consideration of Cannabis Tax Measure

- Fiscal Impact: None.
- Recommendation: Council direct staff to bring back a resolution and ordinance to place a measure, imposing a tax on commercial cannabis activities, on the November 2018 ballot for citizen consideration. [Administrative Services]

2. Agreement Authorizing the Repayment of Loans made from the City to the Redevelopment Agency

- Fiscal Impact: This action by the City Council will provide repayment to the City in the amount of \$180,000 in Fiscal Year 2019-20.
- Recommendation: Council adopt resolution approving an “Agreement Regarding Reinstatement of Loans,” between the City of Atascadero and the Successor Agency to the Redevelopment Agency of the City of Atascadero authorizing the repayment of loans made from the City to the Redevelopment Agency and, following approval by the Oversight Board to the Successor Agency, direct the City Manager to execute the agreement.. [Administrative Services]

COUNCIL ANNOUNCEMENTS AND REPORTS: (On their own initiative, Council Members may make a brief announcement or a brief report on their own activities. Council Members may ask a question for clarification, make a referral to staff or take action to have staff place a matter of business on a future agenda. The Council may take action on items listed on the Agenda.)

D. COMMITTEE REPORTS: (The following represent standing committees. Informative status reports will be given, as felt necessary):

Mayor O'Malley

1. City / Schools Committee
2. County Mayors Round Table
3. SLO Council of Governments (SLOCOG)
4. SLO Regional Transit Authority (RTA)
5. Integrated Waste Management Authority (IWMA)
6. Ad Hoc Animal Shelter Committee

Mayor Pro Tem Fonzi

1. Air Pollution Control District
2. Oversight Board for Successor Agency to the Community Redevelopment Agency of Atascadero
3. SLO Local Agency Formation Commission (LAFCo)
4. City of Atascadero Design Review Committee
5. Atascadero Basin Ground Water Sustainability Agency (GSA)
6. Ad Hoc Animal Shelter Committee

Council Member Bourbeau

1. City of Atascadero Design Review Committee
2. Homeless Services Oversight Council
3. City of Atascadero Finance Committee
4. SLO County Water Resources Advisory Committee (WRAC)

Council Member Moreno

1. California Joint Powers Insurance Authority (CJPIA) Board
2. City of Atascadero Finance Committee (Chair)
3. Economic Vitality Corporation, Board of Directors (EVC)

Council Member Sturtevant

1. City / Schools Committee
2. League of California Cities – Council Liaison

E. INDIVIDUAL DETERMINATION AND / OR ACTION:

1. City Council
2. City Clerk
3. City Treasurer
4. City Attorney
5. City Manager

F. ADJOURN

Please note: Should anyone challenge any proposed development entitlement listed on this Agenda in court, that person may be limited to raising those issues addressed at the public hearing described in this notice, or in written correspondence delivered to the City Council at or prior to this public hearing. Correspondence submitted at this public hearing will be distributed to the Council and available for review in the City Clerk's office.

I, Amanda Muther, Deputy City Clerk of the City of Atascadero, declare under penalty of perjury that the foregoing agenda for the May 8, 2018 Regular Session of the Atascadero City Council was posted on May 2, 2018, at the Atascadero City Hall, 6500 Palma Avenue, Atascadero, CA 93422 and was available for public review at that location.

Signed this 2nd day of May 2018, at Atascadero, California.

Amanda Muther, Deputy City Clerk
City of Atascadero

City of Atascadero

WELCOME TO THE ATASCADERO CITY COUNCIL MEETING

The City Council meets in regular session on the second and fourth Tuesday of each month at 6:00 p.m. Council meetings will be held at the City Hall Council Chambers, 6500 Palma Avenue, Atascadero. Matters are considered by the Council in the order of the printed Agenda. Regular Council meetings are televised live, audio recorded and videotaped for future playback. Charter Communication customers may view the meetings on Charter Cable Channel 20 or via the City's website at www.atascadero.org. Meetings are also broadcast on radio station KPRL AM 1230. Contact the City Clerk for more information (470-3400).

Copies of the staff reports or other documentation relating to each item of business referred to on the Agenda are on file in the office of the City Clerk and are available for public inspection during City Hall business hours at the Front Counter of City Hall, 6500 Palma Avenue, Atascadero, and on our website, www.atascadero.org. Contracts, Resolutions and Ordinances will be allocated a number once they are approved by the City Council. The minutes of this meeting will reflect these numbers. All documents submitted by the public during Council meetings that are either read into the record or referred to in their statement will be noted in the minutes and available for review in the City Clerk's office.

In compliance with the Americans with Disabilities Act, **if you need special assistance to participate in a City meeting or other services offered by this City**, please contact the City Manager's Office or the City Clerk's Office, both at (805) 470-3400. Notification at least 48 hours prior to the meeting or time when services are needed will assist the City staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting or service.

TO SPEAK ON SUBJECTS NOT LISTED ON THE AGENDA

Under Agenda item, "COMMUNITY FORUM", the Mayor will call for anyone from the audience having business with the Council to approach the lectern and be recognized.

1. Give your name for the record (not required)
2. State the nature of your business.
3. All comments are limited to 3 minutes.
4. All comments should be made to the Mayor and Council.
5. No person shall be permitted to make slanderous, profane or negative personal remarks concerning any other individual, absent or present

This is the time items not on the Agenda may be brought to the Council's attention. A maximum of 30 minutes will be allowed for Community Forum (unless changed by the Council). If you wish to use a computer presentation to support your comments, you must notify the City Clerk's office at least 24 hours prior to the meeting. Digital presentations must be brought to the meeting on a USB drive or CD. You are required to submit to the City Clerk a printed copy of your presentation for the record. Please check in with the City Clerk before the meeting begins to announce your presence and turn in the printed copy.

TO SPEAK ON AGENDA ITEMS (from Title 2, Chapter 1 of the Atascadero Municipal Code)

Members of the audience may speak on any item on the agenda. The Mayor will identify the subject, staff will give their report, and the Council will ask questions of staff. The Mayor will announce when the public comment period is open and will request anyone interested to address the Council regarding the matter being considered to step up to the lectern. If you wish to speak for, against or comment in any way:

1. You must approach the lectern and be recognized by the Mayor
2. Give your name (not required)
3. Make your statement
4. All comments should be made to the Mayor and Council
5. No person shall be permitted to make slanderous, profane or negative personal remarks concerning any other individual, absent or present
6. All comments limited to 3 minutes

The Mayor will announce when the public comment period is closed, and thereafter, no further public comments will be heard by the Council.



CITY OF ATASCADERO CITY COUNCIL

DRAFT MINUTES

Tuesday, April 24, 2018

**City Hall Council Chambers, 4th floor
6500 Palma Avenue, Atascadero, California
(Entrance on Lewis Ave.)**

| | |
|---|------------------|
| <u>City Council Closed Session:</u> | 5:30 P.M. |
| <u>City Council Regular Session:</u> | 6:00 P.M. |

CITY COUNCIL CLOSED SESSION:

Mayor O'Malley called Closed Session to order at 5:30 p.m.

- 1. CLOSED SESSION -- PUBLIC COMMENT - None**
- 2. COUNCIL LEAVES CHAMBERS TO BEGIN CLOSED SESSION**
- 3. CLOSED SESSION -- CALL TO ORDER**
 - a. Conference with Labor Negotiators (Govt. Code Sec. 54957.6)**
Agency designated representatives: Rachele Rickard, City Manager
Employee Organizations: Atascadero Professional Firefighters, Local 3600; Atascadero Police Association; Service Employees International Union, Local 620; Mid-Management/Professional Employees; Non-Represented Professional and Management Workers and Confidential Employees
- 4. CLOSED SESSION -- ADJOURNMENT**
- 5. COUNCIL RETURNS TO CHAMBERS**
- 6. CLOSED SESSION -- REPORT**

ADJOURNMENT

The City Attorney reported that there was no reportable action.

REGULAR SESSION – CALL TO ORDER: 6:00 P.M.

Mayor O'Malley called the meeting to order at 6:06 p.m. and Council Member Moreno led the Pledge of Allegiance.

ROLL CALL:

Present: Council Members Bourbeau, Moreno, Sturtevant, Mayor Pro Tem Fonzi and Mayor O'Malley

Absent: None

Staff Present: City Manager Rachelle Rickard, Public Works Director Nick DeBar, Police Chief Jerel Haley, Fire Chief Casey Bryson, City Attorney Brian Pierik and Deputy City Manager/City Clerk Lara Christensen

APPROVAL OF AGENDA:

MOTION: By Council Member Bourbeau and seconded by Mayor Pro Tem Fonzi to:

1. Approve this agenda; and,
2. Waive the reading in full of all ordinances appearing on this agenda, and the titles of the ordinances will be read aloud by the City Clerk at the first reading, after the motion and before the City Council votes.

Motion passed 5:0 by a roll-call vote.

PRESENTATIONS:

1. Presentation from SLOCOG/Rideshare about Bike to School Day (May 9th) and Bike to Work Day (May 18th) by Peter Williamson

Peter Williamson, Outreach Coordinator, gave the presentation.

A. CONSENT CALENDAR:

1. City Council Draft Action Minutes – April 10, 2018

- Recommendation: Council approve the City Council Draft Action Minutes of the April 10, 2018, City Council meeting. [City Clerk]

2. March 2018 Accounts Payable and Payroll

- Fiscal Impact: \$2,290,400.74
- Recommendation: Council approve certified City accounts payable, payroll and payroll vendor checks for March 2018. [Administrative Services]

**MOTION: By Mayor Pro Tem Fonzi and seconded by Council Member Sturtevant to approve the Consent Calendar.
*Motion passed 5:0 by a roll-call vote.***

UPDATES FROM THE CITY MANAGER:

City Manager Rachelle Rickard gave an update on projects and issues within the City.

COMMUNITY FORUM:

The following citizens spoke during Community Forum: Karen McNamara, Derek Kirk, Frank, and Katrina Porter (Exhibit A)

Mayor O'Malley closed the COMMUNITY FORUM period.

B. PUBLIC HEARINGS: None.

C. MANAGEMENT REPORTS: None.

COUNCIL ANNOUNCEMENTS AND REPORTS:

1. Mayor Tom O'Malley

Discussion and request Council direction regarding polystyrene foam (Styrofoam).

Gavin Hughes, Wilderness Club of Paso Robles High School, gave a presentation to the City Council on expanded polystyrene foam (Exhibit B).

Kevin Iler, Chicago Grade Landfill, gave a presentation on modern landfills and the protections in place for human health and welfare (Exhibit C).

PUBLIC COMMENT:

The following citizens spoke on this item: Students from Mrs. Black's Class at Santa Margarita Elementary School (Exhibit D), Marty Brown, Ellen Beraud, Geneva Putnam, Janine Rands, Robert Skinner, Christina Asdel Cisneros, Lee Perkins (Exhibit E), Davin Latner, Deborah Skinner, Alexia Anastasia, Ian Skinner, Frank, Bill Ostrander and Tom Comar

Mayor O'Malley closed the Public Comment period.

Following discussion by the City Council, Mayor O'Malley will provide strong direction from the City Council to the Integrated Waste Management Authority (IWMA) to work on a countywide ordinance banning polystyrene within San Luis Obispo County, provide information and education regarding polystyrene throughout the county, that IWMA set realistic goals to cycle out polystyrene, and that IWMA be the enforcement arm and monitoring agency for determining success and adherence to the ban throughout the county.

- MOTION: By Mayor O'Malley and seconded by Council Member Sturtevant to directed the City Manager's Office to draft a letter for delivery to IWMA supporting an IWMA countywide ordinance banning polystyrene, avoiding piecemeal legislation throughout the county, and requesting that the ordinance includes IWMA providing:**
- 1. Information regarding polystyrene in order to build public understanding and support regarding a polystyrene ban**
 - 2. Education for the public and businesses impacted by the ban**
 - 3. Monitoring to determine success of the ban**
 - 4. Realistic goals for the removal of polystyrene throughout the county**
 - 5. Enforcement of the ban much like they do with plastic bags**
 - 6. Common sense, realistic fines for those found to be in violation of the ban**

Motion passed 5:0 by a roll-call vote

D. COMMITTEE REPORTS:

The following Council Members gave brief update reports on their committees since their last Council meeting:

Mayor O'Malley

1. City / Schools Committee
2. County Mayors Round Table
3. Ad Hoc Animal Shelter Committee

Mayor Pro Tem Fonzi

1. SLO Local Agency Formation Commission (LAFCo)

Council Member Bourbeau

1. City of Atascadero Design Review Committee

Council Member Moreno

1. Economic Vitality Corporation, Board of Directors (EVC)

Council Member Sturtevant

1. City / Schools Committee

E. INDIVIDUAL DETERMINATION AND / OR ACTION: None.

F. ADJOURN

Mayor O'Malley adjourned the meeting at 8:41 p.m.

MINUTES PREPARED BY:

Lara K. Christensen
Deputy City Manager / City Clerk

The following exhibits are available for review in the City Clerk's office:

- Exhibit A – Massage Therapist concerns provided by Katrina Porter.
- Exhibit B – PowerPoint Presentation given by Gavin Hughes, Wilderness Club of Paso Robles High.
- Exhibit C – PowerPoint Presentation given by Kevin Iler, Chicago Grade Landfill.
- Exhibit D – Letter to Ms. Mayhew read by students from Mrs. Black's Class.
- Exhibit E – Signatures in support of a polystyrene ban in Atascadero submitted by Lee Perkins.



Atascadero City Council

March 2018

Staff Report - City Treasurer

March 2018 Investment Report

RECOMMENDATION:

Council receive and file the City Treasurer's report for quarter ending March 2018.

REPORT IN BRIEF:

Cash and Investments

| | | |
|--|------------------|----------------------|
| Checking | \$ 1,408,627 | |
| Zoo Credit Card Deposit Account | 12,116 | |
| Money Market Accounts | 44,423 | |
| Certificates of Deposit | 11,706,765 | |
| Government Securities | 14,332,818 | |
| Supranational Securities | 990,020 | |
| LAIF | 11,502,569 | |
| Cash with Fiscal Agents | <u>2,655,970</u> | |
| Cash in Banks at March 31, 2018 | | \$ 42,653,308 |
| Outstanding Checks | | <u>(393,032)</u> |
| Cash and Investments at March 31, 2018 | | <u>\$ 42,260,276</u> |

Investment Activity

Securities Purchased:

| <u>Purchase Date</u> | <u>Description</u> | <u>Type</u> | <u>Cost</u> | <u>Maturity Date</u> |
|----------------------|---|---------------------------|-------------|----------------------|
| 01/18/18 | FNMA CUSIP #3135G0T78 | Government Security | 493,325 | 10/05/22 |
| 01/18/18 | Inter-American Development Bk CUSIP #4581X0DA3 | Supranational Security | 500,850 | 01/18/23 |
| 03/16/18 | FHLB CUSIP #3130ADMX7 | Government Security | 495,166 | 03/10/23 |

Investment Activity (continued)

Securities Matured:

| <u>Maturity Date</u> | <u>Description</u> | <u>Type</u> | <u>Original Cost</u> | <u>Amount Matured</u> |
|----------------------|---------------------------------|---------------------------|----------------------|-----------------------|
| 01/02/18 | State Bank & Trust Macon, GA | Certificate of Deposit | 245,000 | 245,000 |
| 03/26/18 | Ally Bank Midvale, UT | Certificate of Deposit | 245,000 | 245,000 |

Securities Sold/Called Prior to Maturity:

None

Other Reportable Activities:

None

CITY OF ATASCADERO
TREASURER'S REPORT
CASH & INVESTMENTS ACTIVITY SUMMARY
for the quarter ending March 31, 2018

| | <u>CHECKING ACCOUNTS</u> | <u>INVESTMENTS</u> | <u>FISCAL AGENT</u> | <u>TOTALS</u> |
|---|------------------------------|----------------------|-------------------------|-----------------------------|
| Balance per Banks at January 1, 2018 | \$ 3,495,423 | \$ 36,205,259 | \$ 2,282,418 | \$ 41,983,100 |
| Receipts | 6,546,002 | 143,231 | 607,316 | 7,296,549 |
| Recognition of Premiums & Discounts | | (2,717) | - | (2,717) |
| Disbursements | (6,389,860) | - | (233,764) | (6,623,624) |
| Transfers In | 4,058,519 | 6,289,341 | - | 10,347,860 |
| Transfers Out | <u>(6,289,341)</u> | <u>(4,058,519)</u> | <u>-</u> | <u>(10,347,860)</u> |
| Balance per Banks at March 31, 2018 | <u>\$ 1,420,743</u> | <u>\$ 38,576,595</u> | <u>\$ 2,655,970</u> | 42,653,308 |
| Outstanding Checks | | | | <u>(393,032)</u> |
| Adjusted Treasurer's Balance | | | | <u><u>\$ 42,260,276</u></u> |

CITY OF ATASCADERO
INVESTMENT REPORT
 March 31, 2018

| <u>MATURITY DATE</u> | <u>DESCRIPTION (ISSUER)</u> | <u>PURCHASE DATE</u> | <u>INVESTMENT TYPE</u> | <u>INVESTMENT RATING</u> | <u>STATED % RATE</u> | <u>YIELD</u> | <u>FACE VALUE</u> | <u>PREMIUM/ (DISCOUNT)</u> | <u>COST OF INVESTMENT</u> | <u>MARKET VALUE</u> | <u>UNREALIZED GAIN / (LOSS)</u> |
|------------------------------|---|----------------------|------------------------|--------------------------|----------------------|--------------|-------------------|----------------------------|---------------------------|---------------------|---------------------------------|
| <i>Funds Managed by City</i> | | | | | | | | | | | |
| n/a | Local Agency Invest. Fund (LAIF) | n/a | State Investment Fund | n/a | n/a | 1.52% | \$ 11,502,569 | n/a | \$ 11,502,569 | \$ 11,474,250 | \$ (28,319) |
| n/a | Broker Money Market | n/a | Money Fund | n/a | n/a | Vary | 44,423 | n/a | 44,423 | 44,423 | - |
| 05/02/18 | American Express Centurion Salt Lake City, UT | 05/02/13 | Certificate of Deposit | n/a | 1.10% | 1.10% | 245,000 | n/a | 245,000 | 244,989 | (11) |
| 05/03/18 | First Bank Santurce, PR | 05/03/13 | Certificate of Deposit | n/a | 1.00% | 1.00% | 245,000 | n/a | 245,000 | 244,990 | (10) |
| 05/29/18 | Discover Bank Greenwood, DE | 05/29/13 | Certificate of Deposit | n/a | 1.20% | 1.20% | 245,000 | n/a | 245,000 | 244,865 | (135) |
| 05/30/18 | Beal Bank Las Vegas, NV | 05/29/13 | Certificate of Deposit | n/a | 1.00% | 1.00% | 245,000 | n/a | 245,000 | 244,780 | (220) |
| 06/27/18 | Beal Bank Plano, TX | 06/26/13 | Certificate of Deposit | n/a | 1.00% | 1.00% | 245,000 | n/a | 245,000 | 244,706 | (294) |
| 07/24/18 | Compass Bank Birmingham, AL | 07/24/13 | Certificate of Deposit | n/a | 1.70% | 1.70% | 245,000 | n/a | 245,000 | 245,015 | 15 |
| 07/24/18 | Mercantil Bank Coral Gables, FL | 07/24/13 | Certificate of Deposit | n/a | 1.75% | 1.75% | 245,000 | n/a | 245,000 | 245,206 | 206 |
| 08/21/18 | Institution for Savings Newburyport, MA | 08/21/13 | Certificate of Deposit | n/a | 1.60% | 1.60% | 245,000 | n/a | 245,000 | 245,203 | 203 |
| 08/23/18 | Merchants National Bank Hillsboro, OH | 08/23/13 | Certificate of Deposit | n/a | 1.60% | 1.60% | 245,000 | n/a | 245,000 | 245,203 | 203 |
| 09/18/18 | York Traditions Bank York, PA | 09/18/13 | Certificate of Deposit | n/a | 1.80% | 1.80% | 245,000 | n/a | 245,000 | 245,039 | 39 |
| 09/25/18 | Third Federal Savings & Loan Cleveland, OH | 09/25/13 | Certificate of Deposit | n/a | 1.90% | 1.90% | 245,000 | n/a | 245,000 | 245,272 | 272 |
| 10/15/18 | Delta National Bank & Trust New York, NY | 10/23/13 | Certificate of Deposit | n/a | 1.75% | 1.90% | 245,000 | (195) | 244,805 | 244,924 | 119 |
| 10/23/18 | Sallie Mae Bank Salt Lake City, UT | 10/23/13 | Certificate of Deposit | n/a | 2.05% | 1.90% | 245,000 | n/a | 245,000 | 245,247 | 247 |

CITY OF ATASCADERO
INVESTMENT REPORT
 March 31, 2018

| <u>MATURITY DATE</u> | <u>DESCRIPTION (ISSUER)</u> | <u>PURCHASE DATE</u> | <u>INVESTMENT TYPE</u> | <u>INVESTMENT RATING</u> | <u>STATED % RATE</u> | <u>YIELD</u> | <u>FACE VALUE</u> | <u>PREMIUM/ (DISCOUNT)</u> | <u>COST OF INVESTMENT</u> | <u>MARKET VALUE</u> | <u>UNREALIZED GAIN / (LOSS)</u> |
|----------------------|--|----------------------|------------------------|--------------------------|----------------------|--------------|-------------------|----------------------------|---------------------------|---------------------|---------------------------------|
| 11/28/18 | Morton Community Bank Salt Lake City, UT | 09/28/15 | Certificate of Deposit | n/a | 1.30% | 1.30% | \$ 245,000 | n/a | \$ 245,000 | \$ 244,811 | \$ (189) |
| 12/26/18 | Marlin Business Bank Hillsboro, OH | 09/25/15 | Certificate of Deposit | n/a | 1.40% | 1.40% | 245,000 | n/a | 245,000 | 244,765 | (235) |
| 01/28/19 | Gold Coast Bank Chicago, IL | 10/09/14 | Certificate of Deposit | n/a | 1.75% | 1.75% | 240,000 | n/a | 240,000 | 239,400 | (600) |
| 02/21/19 | Federal Home Loan Mtge Corp CUSIP #3134G3PA2 | 09/18/15 | Government Security | Aaa | 1.70% | 1.25% | 1,000,000 | 3,936 | 1,003,936 | 996,140 | (7,796) |
| 04/08/19 | Venture Bank Bloomington, Mn | 06/06/17 | Certificate of Deposit | n/a | 1.50% | 1.50% | 245,000 | n/a | 245,000 | 243,550 | (1,450) |
| 05/14/19 | Cit Bank Salt Lake City, UT | 05/14/14 | Certificate of Deposit | n/a | 1.95% | 1.95% | 245,000 | n/a | 245,000 | 244,510 | (490) |
| 05/21/19 | Minnwest Bank Sioux Falls, SD | 05/21/14 | Certificate of Deposit | n/a | 1.90% | 1.90% | 245,000 | n/a | 245,000 | 244,615 | (385) |
| 05/30/19 | Bar Harbor Bar Harbor, ME | 09/30/14 | Certificate of Deposit | n/a | 1.85% | 1.85% | 245,000 | n/a | 245,000 | 244,152 | (848) |
| 06/18/19 | Community One Bank New York, NY | 06/18/14 | Certificate of Deposit | n/a | 1.70% | 1.70% | 245,000 | n/a | 245,000 | 244,451 | (549) |
| 06/27/19 | Synchrony Bank Salt Lake City, UT | 06/27/14 | Certificate of Deposit | n/a | 2.05% | 2.05% | 245,000 | n/a | 245,000 | 244,378 | (622) |
| 07/24/19 | American Express Salt Lake City, UT | 07/24/14 | Certificate of Deposit | n/a | 2.00% | 2.00% | 245,000 | n/a | 245,000 | 244,140 | (860) |
| 07/25/19 | NCB FSB Hillsboro, OH | 07/25/14 | Certificate of Deposit | n/a | 1.80% | 1.80% | 245,000 | n/a | 245,000 | 243,650 | (1,350) |
| 08/13/19 | NBT Bank Norwich, NY | 08/13/14 | Certificate of Deposit | n/a | 2.00% | 2.00% | 245,000 | n/a | 245,000 | 244,179 | (821) |
| 08/20/19 | Webster Bank Waterbury, CT | 08/20/14 | Certificate of Deposit | n/a | 1.90% | 1.90% | 245,000 | n/a | 245,000 | 244,103 | (897) |
| 09/24/19 | Capital One Bank Glen Allen, VA | 09/24/14 | Certificate of Deposit | n/a | 2.05% | 2.05% | 245,000 | n/a | 245,000 | 243,883 | (1,117) |

CITY OF ATASCADERO
INVESTMENT REPORT
 March 31, 2018

| MATURITY DATE | DESCRIPTION (ISSUER) | PURCHASE DATE | INVESTMENT TYPE | INVESTMENT RATING | STATED % RATE | YIELD | FACE VALUE | PREMIUM/ (DISCOUNT) | COST OF INVESTMENT | MARKET VALUE | UNREALIZED GAIN / (LOSS) |
|----------------------|--|----------------------|------------------------|--------------------------|----------------------|--------------|-------------------|----------------------------|---------------------------|---------------------|---------------------------------|
| 11/20/19 | Frontier Bank Omaha, NE | 11/20/15 | Certificate of Deposit | n/a | 1.50% | 1.50% | \$ 245,000 | n/a | \$ 245,000 | \$ 243,474 | \$ (1,526) |
| 12/16/19 | Federal Farm Credit Bank CUSIP #31331SJR5 | 02/26/16 | Government Security | Aaa | 4.95% | 1.12% | 165,000 | 10,617 | 175,617 | 172,331 | (3,286) |
| 01/21/20 | Washington Trust Westerly, RI | 11/20/15 | Certificate of Deposit | n/a | 1.50% | 1.50% | 245,000 | n/a | 245,000 | 243,018 | (1,982) |
| 03/13/20 | Federal Home Loan Mtge Corp CUSIP #3134G35V8 | 09/18/15 | Government Security | Aaa | 1.65% | 1.65% | 1,000,000 | 67 | 1,000,067 | 986,290 | (13,777) |
| 04/30/20 | Federal National Mortgage Assn CUSIP #3136G0W23 | 11/20/15 | Government Security | Aaa | 1.50% | 1.66% | 695,000 | (2,268) | 692,732 | 681,983 | (10,749) |
| 05/15/20 | Bridgewater Bank Bloomington, MN | 11/17/15 | Certificate of Deposit | n/a | 1.45% | 1.45% | 245,000 | n/a | 245,000 | 239,387 | (5,613) |
| 05/22/20 | Federal Home Loan Mtge Corp CUSIP #3134G44G0 | 02/26/16 | Government Security | Aaa | 1.50% | 1.12% | 350,000 | 2,238 | 352,238 | 343,273 | (8,965) |
| 06/22/20 | Federal National Mortgage Assn CUSIP #3135G0D75 | 11/05/15 | Government Security | Aaa | 1.50% | 1.61% | 1,000,000 | (2,220) | 997,780 | 980,650 | (17,130) |
| 06/26/20 | Federal National Mortgage Assn CUSIP #3136G16D6 | 02/26/16 | Government Security | Aaa | 1.35% | 1.24% | 500,000 | 1,237 | 501,237 | 488,990 | (12,247) |
| 07/30/20 | Federal Home Loan Mtge Corp CUSIP #3134G33Z1 | 11/20/15 | Government Security | Aaa | 1.55% | 1.74% | 555,000 | (2,353) | 552,647 | 543,928 | (8,719) |
| 09/23/20 | Capital One Bank McLean, VA | 09/23/15 | Certificate of Deposit | n/a | 2.30% | 2.30% | 245,000 | n/a | 245,000 | 243,028 | (1,972) |
| 09/30/20 | BMW Bank of North America Salt Lake City, UT | 09/30/15 | Certificate of Deposit | n/a | 2.20% | 2.20% | 245,000 | n/a | 245,000 | 242,947 | (2,053) |
| 11/12/20 | Enerbank USA Salt Lake City, UT | 11/12/15 | Certificate of Deposit | n/a | 1.80% | 1.80% | 245,000 | n/a | 245,000 | 239,973 | (5,027) |
| 11/20/20 | First Business Bank Madison, WI | 11/20/15 | Certificate of Deposit | n/a | 1.80% | 1.80% | 245,000 | n/a | 245,000 | 239,941 | (5,059) |
| 11/30/20 | Federal National Mortgage Assn CUSIP #3135G0F73 | 11/05/15 | Government Security | Aaa | 1.50% | 1.70% | 1,000,000 | (5,253) | 994,747 | 981,292 | (13,455) |

CITY OF ATASCADERO
INVESTMENT REPORT
 March 31, 2018

| MATURITY DATE | DESCRIPTION (ISSUER) | PURCHASE DATE | INVESTMENT TYPE | INVESTMENT RATING | STATED % RATE | YIELD | FACE VALUE | PREMIUM/ (DISCOUNT) | COST OF INVESTMENT | MARKET VALUE | UNREALIZED GAIN / (LOSS) |
|----------------------|---|----------------------|------------------------|--------------------------|----------------------|--------------|-------------------|----------------------------|---------------------------|---------------------|---------------------------------|
| 11/30/20 | Federal National Mortgage Assn CUSIP #3135G0F73 | 11/20/15 | Government Security | Aaa | 1.50% | 1.81% | \$ 500,000 | \$ (4,020) | \$ 495,980 | \$ 483,323 | \$ (12,657) |
| 12/10/20 | Two Rivers Community Bank Middletown, NJ | 12/10/15 | Certificate of Deposit | n/a | 1.75% | 1.75% | 245,000 | n/a | 245,000 | 242,374 | (2,626) |
| 12/24/20 | Celtic Bank Salt Lake City, UT | 12/24/15 | Certificate of Deposit | n/a | 1.85% | 1.85% | 245,000 | n/a | 245,000 | 240,000 | (5,000) |
| 12/28/20 | Federal National Mortgage Assn CUSIP #3135G0H55 | 11/20/15 | Government Security | Aaa | 1.50% | 1.81% | 800,000 | (525) | 799,475 | 788,488 | (10,987) |
| 12/28/20 | Citizens State Bank Lacrosse, WI | 12/28/15 | Certificate of Deposit | n/a | 1.85% | 1.85% | 245,000 | n/a | 245,000 | 242,232 | (2,768) |
| 12/29/20 | First International Bank Watford City, ND | 12/29/15 | Certificate of Deposit | n/a | 1.85% | 1.85% | 245,000 | n/a | 245,000 | 239,965 | (5,035) |
| 01/25/21 | Federal Agriculture Mtge Corp CUSIP #3132X0EQ0 | 02/26/16 | Government Security | Aaa | 1.55% | 1.34% | 455,000 | 2,647 | 457,647 | 442,801 | (14,846) |
| 02/08/21 | Federal Home Loan Bank CUSIP #3133827D9 | 02/26/16 | Government Security | Aaa | 1.75% | 1.37% | 480,000 | 5,118 | 485,118 | 471,264 | (13,854) |
| 05/06/21 | Federal National Mortgage Assn CUSIP #3135G0K69 | 06/09/16 | Government Security | Aaa | 1.25% | 1.34% | 500,000 | (1,336) | 498,664 | 481,950 | (16,714) |
| 06/09/21 | Worlds Foremost Bank Sidney, NE | 06/09/16 | Certificate of Deposit | n/a | 1.70% | 1.70% | 200,000 | n/a | 200,000 | 193,476 | (6,524) |
| 06/17/21 | Wells Fargo Bank Sioux Falls, SD | 06/17/16 | Certificate of Deposit | n/a | 1.75% | 1.75% | 245,000 | n/a | 245,000 | 236,947 | (8,053) |
| 08/23/21 | Comenity Capital Bank Sidney, NE | 08/22/16 | Certificate of Deposit | n/a | 1.70% | 1.70% | 245,000 | n/a | 245,000 | 235,217 | (9,783) |
| 08/30/21 | PrivateBank & Trust Company Sioux Falls, SD | 08/29/16 | Certificate of Deposit | n/a | 1.75% | 1.75% | 245,000 | n/a | 245,000 | 235,225 | (9,775) |
| 10/07/21 | Federal National Mortgage Assn CUSIP #3135G0Q89 | | Government Security | Aaa | 1.38% | 1.72% | 500,000 | (5,804) | 494,196 | 480,520 | (13,676) |
| 11/29/21 | Federal Home Loan Bank CUSIP #3130AABG2 | 12/21/16 | Government Security | Aaa | 1.88% | 2.12% | 500,000 | (4,387) | 495,613 | 488,875 | (6,738) |

CITY OF ATASCADERO
INVESTMENT REPORT
 March 31, 2018

| <u>MATURITY DATE</u> | <u>DESCRIPTION (ISSUER)</u> | <u>PURCHASE DATE</u> | <u>INVESTMENT TYPE</u> | <u>INVESTMENT RATING</u> | <u>STATED % RATE</u> | <u>YIELD</u> | <u>FACE VALUE</u> | <u>PREMIUM/ (DISCOUNT)</u> | <u>COST OF INVESTMENT</u> | <u>MARKET VALUE</u> | <u>UNREALIZED GAIN / (LOSS)</u> |
|----------------------|---|----------------------|------------------------|--------------------------|----------------------|--------------|-------------------|----------------------------|---------------------------|---------------------|---------------------------------|
| 01/13/22 | Federal Home Loan Bank CUSIP #3137EADB2 | 01/26/17 | Government Security | Aaa | 2.38% | 2.06% | \$ 500,000 | \$ 5,673 | \$ 505,673 | \$ 496,445 | \$ (9,228) |
| 02/09/17 | Triad Bank Frontenac, MO | 02/09/22 | Certificate of Deposit | n/a | 2.00% | 2.00% | 245,000 | n/a | 245,000 | 238,539 | (6,461) |
| 02/21/17 | Everbank Jacksonville, FL | 02/14/22 | Certificate of Deposit | n/a | 2.05% | 2.05% | 245,000 | n/a | 245,000 | 238,963 | (6,037) |
| 03/11/22 | Federal Home Loan Bank CUSIP #313378CR0 | 02/23/17 | Government Security | Aaa | 2.25% | 2.00% | 500,000 | 4,712 | 504,712 | 492,970 | (11,742) |
| 03/24/22 | First Sentry Bank Huntington, WV | 03/24/17 | Certificate of Deposit | n/a | 2.00% | 2.00% | 245,000 | n/a | 245,000 | 238,258 | (6,742) |
| 04/05/22 | Federal National Mortgage Assn CUSIP #3135G0T45 | 05/04/17 | Government Security | Aaa | 1.88% | 1.88% | 500,000 | n/a | 500,000 | 486,890 | (13,110) |
| 05/17/22 | MB Financial Bank Chicago, IL | 02/09/22 | Certificate of Deposit | n/a | 2.00% | 2.00% | 245,000 | n/a | 245,000 | 237,846 | (7,154) |
| 05/31/22 | Lakeside Bank Chicago, IL | 06/02/17 | Certificate of Deposit | n/a | 2.00% | 2.00% | 245,000 | n/a | 245,000 | 237,741 | (7,259) |
| 06/10/22 | Federal Home Loan Bank CUSIP #313379Q69 | 05/31/17 | Government Security | Aaa | 2.13% | 1.86% | 500,000 | 5,302 | 505,302 | 489,240 | (16,062) |
| 07/12/22 | Barclays Bank Wilmington, DE | 07/12/17 | Certificate of Deposit | n/a | 2.20% | 2.20% | 245,000 | n/a | 245,000 | 239,404 | (5,596) |
| 07/27/22 | Federal Farm Credit Bank CUSIP #3133EDE65 | 07/12/17 | Government Security | n/a | 3.05% | 1.98% | 302,000 | 13,378 | 315,378 | 307,034 | (8,344) |
| 08/03/22 | Federal Farm Credit Bank CUSIP #3133EHTS2 | 08/17/17 | Government Security | Aaa | 1.90% | 1.72% | 500,000 | 3,721 | 503,721 | 485,030 | (18,691) |
| 09/09/22 | Federal Farm Credit Bank CUSIP #313380GJ0 | 09/11/17 | Government Security | Aaa | 2.00% | 1.62% | 500,000 | 8,077 | 508,077 | 486,785 | (21,292) |
| 09/14/22 | Int'l Amer. Development Bank CUSIP #4581X0CZ9 | 12/18/17 | Supranational Security | Aaa | 1.75% | 2.23% | 500,000 | (10,259) | 489,741 | 480,800 | (8,941) |
| 10/05/22 | Federal Farm Credit Bank CUSIP #3135G0T78 | 01/18/18 | Government Security | Aaa | 2.00% | 2.30% | 500,000 | (6,512) | 493,488 | 486,090 | (7,398) |

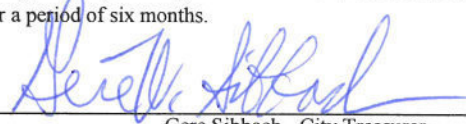
CITY OF ATASCADERO
INVESTMENT REPORT
 March 31, 2018

| <u>MATURITY DATE</u> | <u>DESCRIPTION (ISSUER)</u> | <u>PURCHASE DATE</u> | <u>INVESTMENT TYPE</u> | <u>INVESTMENT RATING</u> | <u>STATED % RATE</u> | <u>YIELD</u> | <u>FACE VALUE</u> | <u>PREMIUM/ (DISCOUNT)</u> | <u>COST OF INVESTMENT</u> | <u>MARKET VALUE</u> | <u>UNREALIZED GAIN / (LOSS)</u> |
|--|---|----------------------|------------------------|--------------------------|----------------------|--------------|----------------------|----------------------------|---------------------------|----------------------|---------------------------------|
| 09/14/22 | Int'l Amer. Development Bank CUSIP #4581X0DA3 | 01/18/18 | Supranational Security | Aaa | 2.50% | 2.46% | \$ 500,000 | \$ 819 | \$ 500,819 | \$ 495,330 | \$ (5,489) |
| 09/09/22 | Federal Farm Credit Bank CUSIP #3130ADMX7 | 03/16/18 | Government Security | Aaa | 2.50% | 2.71% | 500,000 | (4,807) | 495,193 | 495,930 | 737 |
| Total Funds Managed by the City | | | | | | | <u>38,558,992</u> | <u>17,603</u> | <u>38,576,595</u> | <u>38,121,296</u> | <u>(455,299)</u> |
| Funds Managed by Fiscal Agent | | | | | | | | | | | |
| n/a | BNY Western Trust Hamilton Treas. Money | n/a | Treasury Fund | Aaa | n/a | 1.09% | 1,790,668 | n/a | 1,790,668 | 1,790,048 | (620) |
| n/a | BNY Western Trust Hamilton Treas. Money | n/a | Treasury Fund | Aaa | n/a | 0.88% | 865,302 | n/a | 865,302 | 864,756 | (546) |
| Total Funds Managed by Fiscal Agent | | | | | | | <u>2,655,970</u> | <u>n/a</u> | <u>2,655,970</u> | <u>2,654,804</u> | <u>(1,166)</u> |
| | | | | | | | <u>\$ 41,214,962</u> | <u>\$ 17,603</u> | <u>\$ 41,232,565</u> | <u>\$ 40,776,100</u> | <u>\$ (456,465)</u> |

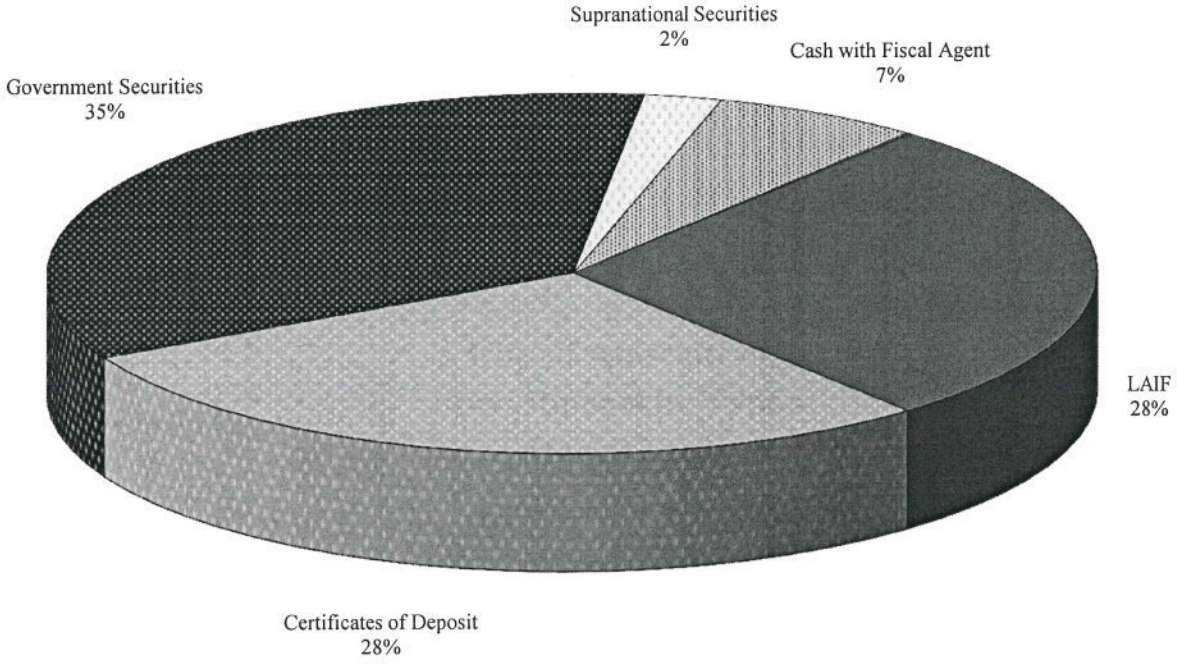
Average Maturity of Total Portfolio 693 Days
 Weighted Average Yield of Total Portfolio 1.72%

Certification:
 It has been verified that this investment portfolio is in conformity with the City of Atascadero's investment policy, which was approved by the City Council on November 28, 2017.
 The City Treasurer certifies that there is sufficient liquidity to meet the City of Atascadero's estimated future expenditures for a period of six months.

Verified by: 
 Jeri Rangel - Director of Administrative Services

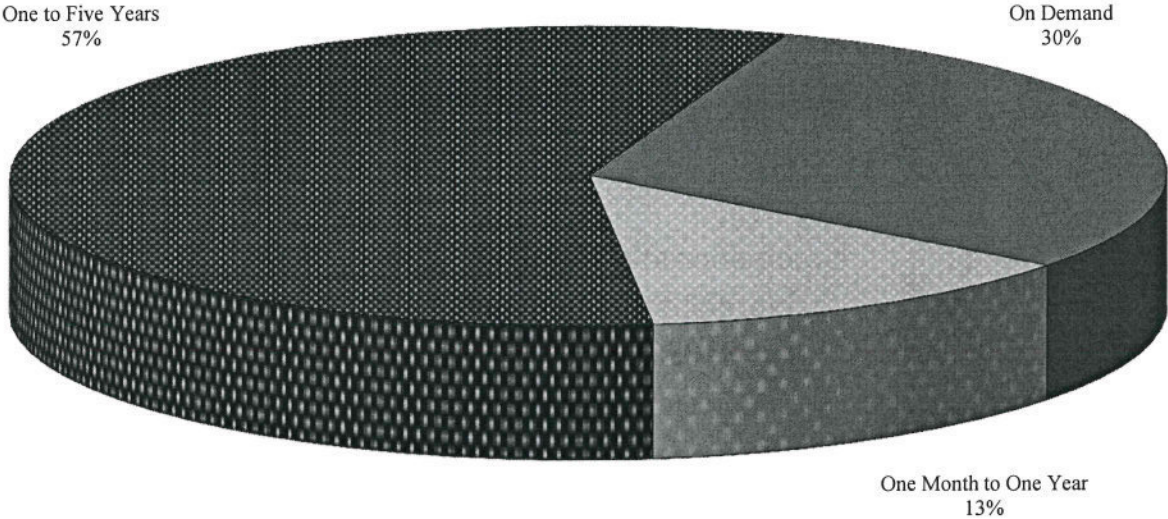
Approved by: 
 Gere Sibbach - City Treasurer

**City of Atascadero
 Investments by Type
 March 2018**



| <u>Investment</u> | <u>March 2018</u> |
|--------------------------|----------------------|
| LAIF | \$ 11,502,569 |
| Certificates of Deposit | 11,706,765 |
| Government Securities | 14,332,818 |
| Supranational Securities | 990,020 |
| Cash with Fiscal Agent | 2,655,970 |
| Other | 44,423 |
| | <u>\$ 41,232,565</u> |

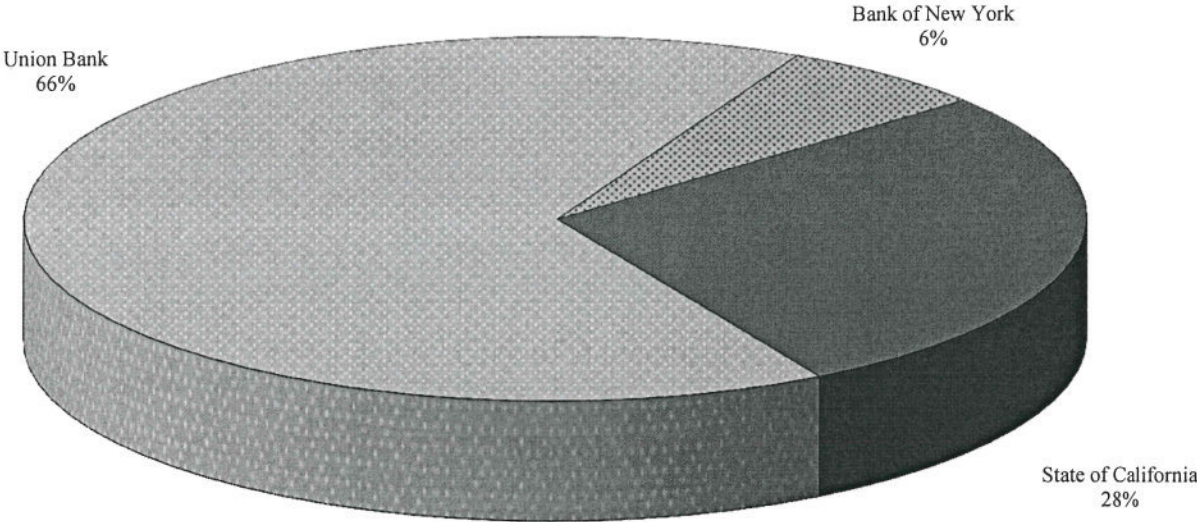
**City of Atascadero
 Investments by Maturity *
 March 2018**



| <u>Investment</u> | <u>March 2018</u> |
|-----------------------|----------------------|
| On Demand | \$ 11,546,992 |
| One Month to One Year | 4,918,741 |
| One to Five Years | 22,110,862 |
| | <u>\$ 38,576,595</u> |

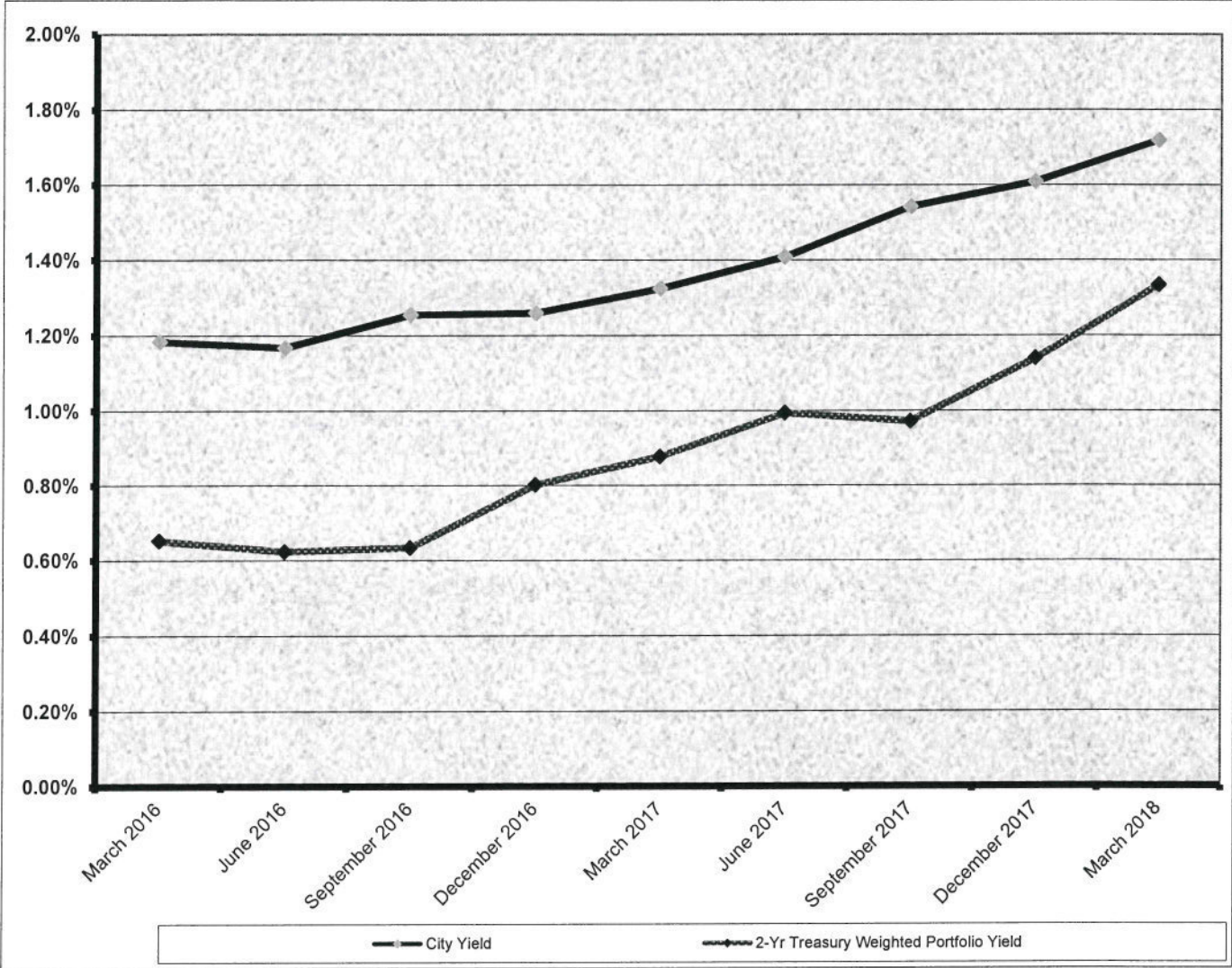
* Cash with fiscal agent is not included in the totals for this graph because the amounts are restricted based on bond covenants, and therefore, the City doesn't retain the option to liquefy these funds at will.

**City of Atascadero
Investments by Custodial Agent
March 2018**



| <u>Custodial Agent</u> | <u>March 2018</u> |
|------------------------|----------------------|
| State of California | \$ 11,502,569 |
| Union Bank | 27,074,026 |
| Bank of New York | 2,655,970 |
| | <u>\$ 41,232,565</u> |

**City of Atascadero
 Investment Yield vs. 2-Year Treasury Yield
 For the Quarter Ended March 31, 2018**



| | <u>City Yield</u> | <u>2-Yr Treasury Weighted Portfolio Yield</u> |
|----------------|-------------------|---|
| March 2016 | 1.18% | 0.65% |
| June 2016 | 1.17% | 0.62% |
| September 2016 | 1.26% | 0.63% |
| December 2016 | 1.26% | 0.80% |
| March 2017 | 1.32% | 0.88% |
| June 2017 | 1.41% | 0.99% |
| September 2017 | 1.54% | 0.97% |
| December 2017 | 1.61% | 1.14% |
| March 2018 | 1.72% | 1.33% |



Atascadero City Council

Staff Report – Administrative Services Department

Declaration of Consumer Price Index

RECOMMENDATION:

Council adopt Draft Resolution declaring the San Francisco-Oakland-Hayward Consumer Price Index to be used for rate calculations for all assessment and special tax districts.

DISCUSSION:

The City has seven assessment/special tax districts which utilize the Consumer Price Index (CPI) to determine the maximum tax amounts. The districts include:

1. Community Facilities District
2. De Anza Estates Benefit Assessment District
3. De Anza Estates Landscape and Lighting District
4. Apple Valley Benefit Assessment District
5. Apple Valley Landscape and Lighting District
6. Las Lomas Benefit Assessment District
7. Las Lomas Landscape and Lighting District

The approved CPI for these districts is determined by the Bureau of Labor Statics (BLS) and is currently the San Francisco-Oakland-San Jose CPI (Prior CPI). The BLS introduced new geographic area samples in January 2018 which removed Napa, Santa Clara, Santa Cruz, Sonoma, and Solano counties from the Prior CPI and renamed the Prior CPI to San Francisco-Oakland-Hayward CPI.

In the event that the BLS revises or discontinues the index used to calculate the special tax rates, the Council shall authorize a revised or comparable index for determining such calculations.

Staff recommends that Council adopt the attached resolution approving the use of the San Francisco-Oakland-Hayward CPI to calculate the maximum tax amounts for the districts listed above.

FISCAL IMPACT:

None.

ATTACHMENT:

Draft Resolution

DRAFT RESOLUTION

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
ATASCADERO, CALIFORNIA, DECLARING THE CPI TO BE USED
FOR RATE CALCULATION FOR ALL
ASSESSMENT/SPECIAL TAX DISTRICTS**

WHEREAS, the City Council previously completed proceedings to establish various assessment/special tax districts (“Districts”); and

WHEREAS, the assessment/special tax formula for the Districts calls for annual increases to assessment/special tax rates based upon changes in the San Francisco-Oakland-San Jose CPI (“Prior CPI”) as of February for assessment rates and as of April for special tax rates; and

WHEREAS, the Bureau of Labor Statistics (“BLS”) introduced new geographic area samples in January 2018 which removed Napa, Santa Clara, Santa Cruz, Sonoma, and Solano counties from the Prior CPI and renamed the Prior CPI to San Francisco-Oakland-Hayward CPI; and

WHEREAS, the City Council wishes to formally acknowledge this change for purposes of computing future assessment/special tax rates.

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Atascadero as follows:

SECTION 1. The City Council declares the San Francisco-Oakland-Hayward CPI as of February will be used for the purposes of computing annual changes in the assessment rates for the assessment Districts and April for the special tax rate Districts.

PASSED AND ADOPTED at a regular meeting of the City Council held on the ___th day of ___, 2018.

On motion by Council Member _____ and seconded by Council Member _____, the foregoing Resolution is hereby adopted in its entirety on the following roll call vote:

AYES:
NOES:
ABSENT:

CITY OF ATASCADERO

Tom O’Malley, Mayor

ATTEST:

Lara K. Christensen, City Clerk

ITEM NUMBER: A-3
DATE: 05/08/18
ATTACHMENT: 1

APPROVED AS TO FORM:

Brian A. Pierik, City Attorney



Atascadero City Council

Staff Report – Administrative Services Department

Apple Valley Assessment Districts

RECOMMENDATIONS:

Council:

1. Adopt Draft Resolution A initiating proceedings for the levy and collection of annual assessments for Atascadero Street and Storm Drain Maintenance District No. 01 (Apple Valley) for fiscal year 2018/2019.
2. Adopt Draft Resolution B accepting and preliminarily approving the Engineer's Annual Levy Report regarding the Atascadero Street and Storm Drain Maintenance District No. 01 (Apple Valley).
3. Adopt Draft Resolution C declaring the City's intention to levy and collect annual assessments within Atascadero Street and Storm Drain Maintenance District No. 01 (Apple Valley) in fiscal year 2018/2019, and to appoint a time and place for the public hearing on these matters.
4. Adopt Draft Resolution D initiating proceedings for annual levy of assessments for the Atascadero Landscaping and Lighting Maintenance District No. 01 (Apple Valley) for fiscal year 2018/2019 pursuant to the provisions of Part 2 of Division 15 of the California Streets and Highways Code.
5. Adopt Draft Resolution E for preliminary approval of the Annual Engineer's Levy Report for the Atascadero Landscaping and Lighting Maintenance District No. 01 (Apple Valley) for fiscal year 2018/2019.
6. Adopt Draft Resolution F declaring the City's intention to levy and collect assessments for the Atascadero Landscaping and Lighting Maintenance District No. 01 (Apple Valley) for fiscal year 2018/2019, and to appoint a time and place for the public hearing on these matters.

REPORT-IN-BRIEF:

The City Council formed and began assessing Atascadero Street and Storm Drain Maintenance District No. 01 (Apple Valley) in 2005. This district was formed to provide funding for future routine maintenance of the streets, storm drains and sidewalks in the Apple Valley subdivision.

The City Council also formed and began assessing Atascadero Landscape and Lighting Maintenance District No. 01 (Apple Valley) in 2005. This district was formed to provide for funding and maintenance of street trees, open space, park area, medians, walkways, paths and other landscape and lighting improvements within the Apple Valley subdivision.

NBS, an independent financial consultant, was hired to prepare the engineer’s report for the two districts. The engineer’s report and the levies must be approved by Council annually. This is done in a two-step process. Tonight, there are three resolutions for each district (a total of 6 resolutions in all) that must be passed in order to continue the assessments within the districts. The resolutions passed tonight will also establish the date and time for the public hearing. The public hearing is tentatively scheduled for June 12, 2018 at 6:00 p.m., at which time the final resolutions will be presented to the Council for consideration.

The proposed assessments for fiscal year 2018/2019 are less than the Maximum Assessment Rate. In accordance with the formula voters of the district adopted in 2005, the Maximum Assessment Rate may be increased for inflation by the greater of the Consumer Price Index (CPI) or 3.0%. The Maximum Assessment Rate was increased 3.6% this year for both districts. City staff held a neighborhood meeting to receive input from property owners. The property owners in attendance requested an assessment of about 65% of the allowable maximum annual assessments for the Landscaping and Lighting District, and about 54% for the Street and Storm Drain District.

| District | Amount Per EBU Maximum Assessment Fiscal Year 2018-19 | Amount Per EBU Proposed Assessment Fiscal Year 2018-19 |
|---|---|--|
| Atascadero Street and Storm Drain Maintenance District No. 01 Apple Valley | \$ 739.52 | \$ 400.00 |
| Atascadero Landscaping and Lighting Maintenance District No. 01 Apple Valley | \$ 1,616.08 | \$ 1,050.00 |

FISCAL IMPACT:

Annual assessments for 2018/2019 will total \$28,000 for road/drainage system maintenance and \$73,500 for landscape and lighting maintenance. These amounts will be assessed to the owners of parcels in Apple Valley.

ATTACHMENTS:

1. **Draft Resolution A** - initiating proceedings for the levy and collection of annual assessments for Atascadero Street and Storm Drain Maintenance District No. 01 (Apple Valley) for fiscal year 2018/2019

2. **Draft Resolution B** - accepting and preliminarily approving the Engineer's Annual Levy Report regarding the Atascadero Street and Storm Drain Maintenance District No. 01 (Apple Valley)
3. **Draft Resolution C** - declaring the City's intention to levy and collect annual assessments within Atascadero Street and Storm Drain Maintenance District No. 01 (Apple Valley) in fiscal year 2018/2019, and to appoint a time and place for the public hearing on these matters
4. **Engineer's Annual Levy Report**- for the levy and collection of fiscal year 2018/2019 assessments for Atascadero Street and Storm Drain Maintenance District No. 01 (Apple Valley)
5. **Draft Resolution D** - initiating proceedings for annual levy of assessments for the Atascadero Landscaping and Lighting Maintenance District No. 01 (Apple Valley) for fiscal year 2018/2019 pursuant to the provisions of Part 2 of Division 15 of the California Streets and Highways Code
6. **Draft Resolution E** - preliminary approval of the Annual Engineer's Levy Report for Atascadero Landscaping and Lighting Maintenance District No. 01 (Apple Valley) for fiscal year 2018/2019
7. **Draft Resolution F** - declaring the City's intention to levy and collect assessments for the Atascadero Landscaping and Lighting Maintenance District No. 01 (Apple Valley) for fiscal year 2018/2019
8. **Engineer's Annual Levy Report**- for the levy and collection of fiscal year 2018/2019 assessments for Atascadero Landscaping and Lighting District No. 01 (Apple Valley)

DRAFT RESOLUTION A

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ATASCADERO, CALIFORNIA, INITIATING PROCEEDINGS FOR THE LEVY AND COLLECTION OF ANNUAL ASSESSMENTS FOR ATASCADERO STREET AND STORM DRAIN MAINTENANCE DISTRICT NO. 01 (APPLE VALLEY) FOR FISCAL YEAR 2018/2019

The City Council of the City of Atascadero (hereafter referred to as “City Council”) hereby finds, determines, resolves and orders as follows:

WHEREAS, the City Council pursuant to the provisions of the *Benefit Assessment Act of 1982, Chapter 6.4 of the California Government Code, beginning with Section 54703* (hereafter referred to as the “1982 Act”) formed an assessment district to be designated as Atascadero Street and Storm Drain Maintenance District No. 01 (Apple Valley) (hereafter referred to as the “District”), for the purpose of funding the ongoing operation, maintenance and servicing of public streets, sidewalks, storm drain and flood control facilities installed in conjunction with the development of properties known as Apple Valley Tract 2495; and to levy and collect annual assessments related thereto. The 1982 Act provides for the formation of such an assessment district pursuant to *Article 3 Section 54710*, and provides for the levy and collection of assessments by the County on behalf of the City pursuant to *Article 4 Section 54718*; and

WHEREAS, the City Council has retained NBS as the Engineer of Work, for the purpose of assisting with the administration of the District, the establishment of annual assessments, and to prepare and file an Engineer’s Report with the City Clerk in accordance with the 1982 Act; and in accordance with the requirements of the *California Constitution, Articles XIIC and XIID*.

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Atascadero as follows:

SECTION 1. The City Council hereby orders the Engineer to prepare and file an Engineer’s Annual Levy Report concerning the levy of assessments for properties within the District as specified by *Article 4 Section 54716* of the 1982 Act.

SECTION 2. The District improvements include the ongoing operation, administration, maintenance and servicing of the public streets, drainage and flood control systems and appurtenant facilities authorized pursuant to the 1982 Act that were installed as part of property development and associated with the District. Said improvements may include, but are not limited to pavement, curbs, sidewalks, hardscape, bridges, fencing, signage, drains, pipes, inlets, outlets, catch basins, drainage basins, manholes, and associated appurtenant facilities located within the public street right-of-ways and other public easements within the District, and dedicated to the City of Atascadero for such maintenance.

SECTION 3. The territory within Atascadero Street and Storm Drain Maintenance District No. 01 (Apple Valley) consists of lots, parcels and subdivisions of land located in the development known as Apple Valley Tract 2495.

PASSED AND ADOPTED at a regular meeting of the City Council held on the ___th day of ____, 2018.

On motion by Council Member _____ and seconded by Council Member _____, the foregoing Resolution is hereby adopted in its entirety on the following roll call vote:

AYES:
NOES:
ABSENT:

CITY OF ATASCADERO

Tom O'Malley, Mayor

ATTEST:

Lara K. Christensen, City Clerk

APPROVED AS TO FORM:

Brian A. Pierik, City Attorney

DRAFT RESOLUTION B

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
ATASCADERO, CALIFORNIA, ACCEPTING AND PRELIMINARILY
APPROVING THE ENGINEER’S ANNUAL LEVY REPORT REGARDING
THE ATASCADERO STREET AND STORM DRAIN MAINTENANCE
DISTRICT NO. 01 (APPLE VALLEY)**

The City Council of the City of Atascadero (hereafter referred to as “City Council”) hereby finds, determines, resolves and orders as follows:

WHEREAS, the City Council has, by previous Resolution, ordered the preparation of an Engineer’s Annual Levy Report (hereafter referred to as the “Report”) regarding the assessment district to be designated as the Atascadero Street and Storm Drain Maintenance District No. 01 (Apple Valley) (hereafter referred to as the “District”), and the levy and collection of assessments related thereto, pursuant to the provisions of the *Benefit Assessment Act of 1982, Chapter 6.4 of the California Government Code, beginning with Section 54703* (hereafter referred to as the “1982 Act”); and

WHEREAS, there has now been presented to this City Council the Report as specified by *Article 4 Section 54716* of said 1982 Act; and

WHEREAS, the City Council has carefully examined and reviewed the Report as presented, and is preliminarily satisfied with the District and the budget items and documents as set forth therein, and is satisfied that the proposed assessments have been spread in accordance with the special benefits received from the improvements, operation, administration, maintenance and services to be performed within the District, as set forth in said Report.

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Atascadero as follows:

SECTION 1. The preceding recitals are true and correct.

SECTION 2. That the Report as presented, consists of the following:

- a. A Description of Improvements.
- b. A Boundary Diagram of the District.
- c. The Method of Apportionment that details the method of calculating each parcel’s proportional special benefits and annual assessment.
- d. The proposed Budget (Costs and Expenses) and the duration and collection of assessments.
- e. The District Roll containing the Levy for each Assessor Parcel Number within the District for fiscal year 2018/2019.

SECTION 3. The Report is hereby approved on a preliminary basis, and ordered to be filed in the Office of the City Clerk as a permanent record and to remain open to public inspection.

SECTION 4. The Maximum Assessment described in the Report is hereby approved on a preliminary basis.

SECTION 5. The City Clerk shall certify to the passage and adoption of this Resolution, and the minutes of this meeting shall so reflect the presentation of the Report.

PASSED AND ADOPTED at a regular meeting of the City Council held on the ___th day of ____, 2018.

On motion by Council Member _____ and seconded by Council Member _____, the foregoing Resolution is hereby adopted in its entirety on the following roll call vote:

AYES:
NOES:
ABSENT:

CITY OF ATASCADERO

Tom O'Malley, Mayor

ATTEST:

Lara K. Christensen, City Clerk

APPROVED AS TO FORM:

Brian A. Pierik, City Attorney

DRAFT RESOLUTION C

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ATASCADERO, CALIFORNIA, DECLARING ITS INTENTION TO LEVY AND COLLECT ANNUAL ASSESSMENTS WITHIN ATASCADERO STREET AND STORM DRAIN MAINTENANCE DISTRICT NO. 01 (APPLE VALLEY) IN FISCAL YEAR 2018/2019, AND TO APPOINT A TIME AND PLACE FOR THE PUBLIC HEARING ON THESE MATTERS

The City Council of the City of Atascadero (hereafter referred to as “City Council”) hereby finds, determines, resolves and orders as follows:

WHEREAS, the City Council pursuant to the provisions of the *Benefit Assessment Act of 1982, Chapter 6.4 of the California Government Code, beginning with Section 54703* (hereafter referred to as the “1982 Act”) did by previous Resolution approve the levy and collection of annual assessments to pay for the operation, maintenance and servicing of public streets, drainage and flood control systems and appurtenant facilities related thereto for the assessment district designated as Atascadero Street and Storm Drain Maintenance District No. 01 (Apple Valley) (hereafter referred to as the “District”); and

WHEREAS, the Engineer selected by the City Council has prepared and filed with the City Clerk a Report in connection with the proposed District, and the levy of assessments for Fiscal Year 2018/2019 (July 1, 2018 and ending June 30, 2019) in accordance with *Chapter 1, Article 4* of the 1982 Act and in accordance with the requirements of the *California Constitution, Articles XIIC and XIID*, and the City Council did by previous Resolution preliminarily approve such Report.

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Atascadero as follows:

SECTION 1. The City Council hereby declares its intention to seek the annual levy of the District pursuant to the 1982 Act, over and including the land within the District boundary, and to levy and collect special benefit assessments on parcels of land within the District to pay for the costs and expenses associated with the operation, maintenance, repair and servicing of public streets, drainage and flood control systems and appurtenant facilities related thereto.

SECTION 2. The District improvements include the ongoing operation, administration, maintenance and servicing of the public streets, drainage and flood control systems and appurtenant facilities authorized pursuant to the 1982 Act that were installed as part of property development and associated with the District. Said improvements may include, but are not limited to pavement, curbs, sidewalks, hardscape, bridges, fencing, signage, drains, pipes, inlets, outlets, catch basins, drainage basins, manholes, and associated appurtenant facilities located within the public street right-of-ways and other public easements within the District, and dedicated to the City of Atascadero for such maintenance. The Engineer’s Report, as ordered by previous Resolution, provides a full and complete description of the improvements within the District.

SECTION 3. The proposed territory within Atascadero Street and Storm Drain Maintenance District No. 01 (Apple Valley) consists of lots, parcels and subdivisions of land located in the development known as Apple Valley Tract 2495.

SECTION 4. The proposed assessments for the District are outlined in the Engineer's Report. The Report details the proposed assessments necessary to provide for the annual operation, administration, services and maintenance of the improvements described in Section 2 of this Resolution.

SECTION 5. Notice is hereby given that a Public Hearing on these matters will be held by the City Council on Tuesday, June 12, 2018 at 6:00 p.m. or as soon thereafter as feasible in the regular meeting chambers of the City Council located at 6500 Palma Avenue, Atascadero, California. At the Public Hearing, all interested persons shall be given an opportunity to hear and be heard on the proposed assessment to be levied for fiscal year 2018/2019 as contained in the Engineer's Report on file in the City Clerk's Office.

SECTION 6. The City Clerk shall give notice of the filing of the report and the time and place of the Public Hearing by publishing in a local newspaper one time at least 10 days prior to the Public Hearing.

PASSED AND ADOPTED at a regular meeting of the City Council held on the ___th day of ____, 2018.

On motion by Council Member _____ and seconded by Council Member _____, the foregoing Resolution is hereby adopted in its entirety on the following roll call vote:

AYES:
NOES:
ABSENT:

CITY OF ATASCADERO

Tom O'Malley, Mayor

ATTEST:

Lara K. Christensen, City Clerk

APPROVED AS TO FORM:

Brian A. Pierik, City Attorney

CITY OF ATASCADERO

Street and Storm Drain Maintenance District No. 01 (Apple Valley)

2018/19 Engineer's Report

May 2018

OFFICE LOCATIONS:

Temecula – Corporate Headquarters
32605 Temecula Parkway, Suite 100
Temecula, CA 92592

San Francisco – Regional Office
870 Market Street, Suite 1223
San Francisco, CA 94102

California Satellite Offices
Atascadero, Davis
Huntington Beach,
Joshua Tree, Riverside
Sacramento, San Jose

www.nbsgov.com

Prepared by:



CITY OF ATASCADERO
Street and Storm Drain Maintenance District No. 01
(Apple Valley)

6500 Palma Avenue
Atascadero, CA 93422
Phone – (805) 461-5000
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CITY COUNCIL

Tom O'Malley, Mayor

Roberta Fonzi, Mayor Pro Tem

Charles Bourbeau, Council Member

Heather Moreno, Council Member

Brian Sturtevant, Council Member

AGENCY STAFF

Rachelle Rickard, City Manager

Jeri Rangel, Administrative Services Director

Cindy Chavez, Deputy Director of Administrative Services

NBS

Danielle Wood, Client Services Director

Adina McCargo, Senior Consultant

TABLE OF CONTENTS

- 1. Engineer’s Letter..... 1-1**

- 2. Executive Summary 2-1**

- 3. Plans and Specifications..... 3-1**
 - Benefiting Properties within the District..... 3-1
 - Funding Authorized by The 1982 Act 3-1
 - Description of Improvements and Services 3-1

- 4. Estimate of Costs 4-1**

- 5. Method of Assessment 5-1**
 - General..... 5-1
 - Benefit Analysis..... 5-1
 - Assessment Methodology..... 5-2
 - Assessment Range Formula 5-5

- 6. Assessment Diagram..... 6-1**

- 7. Assessment Roll..... 7-1**

1. ENGINEER’S LETTER

WHEREAS, on March 24, 2005 by Resolution No. 2005-042, the City Council of the City of Atascadero (the “City”), State of California, in accordance with and pursuant to the provisions of the Benefit Assessment Act of 1982, being Chapter 6.4 of the California Government Code, commencing with Section 54703 (hereafter referred to as the “1982 Act”), and in compliance with the substantive and procedural requirements of the California State Constitution Article XIIIID (hereafter referred to as the “California Constitution”), established the City of Atascadero Street and Storm Drain Maintenance District No. 01 (Apple Valley) (the “District”); and

WHEREAS, on May 8, 2018, the City Council, under the 1982 Act, adopted its Resolution Initiating Proceedings for the Annual Levy of Assessments and Ordering the Preparation of an Engineer’s Report for the District; and

WHEREAS, the Resolution Initiating Proceedings directed NBS to prepare and file a report describing the general nature, location, and extent of the improvements to be maintained; an estimate of the costs of the maintenance, operations, and servicing of the improvements for the District for the referenced fiscal year; a diagram for the District, showing the area and properties to be assessed; and an assessment of the estimated costs of the administration, maintenance, operations, and servicing the improvements, assessing the net amount upon all assessable lots and/or parcels within the District in proportion to the special benefit received.

NOW THEREFORE, the assessments as detailed in this Engineer’s Report and as summarized in the table below are made to cover the portion of the estimated costs of maintenance, operation and servicing of the improvements to be paid by the assessable real property within the District in proportion to the special benefit received. The following table summarizes the proposed assessment for fiscal year 2018/19:

FY 2018/19 Summary of Assessment

| Description | Amount |
|---|-----------------|
| Estimated Annual Costs | \$20,587 |
| Capital Reserve Collection/(Uses) | 24,090 |
| Levy Adjustments | (16,677) |
| Balance to Levy | \$28,000 |
| Fiscal Year 2018/19 Maximum Rate | \$739.52 |
| Fiscal Year 2018/19 Proposed Applied Rate | \$400.00 |

I, the undersigned, respectfully submit the enclosed Engineer’s Report and, to the best of my knowledge, information, and belief, the Engineer’s Report, Assessments, and the Assessment Diagram herein have been prepared, computed, and levied in accordance with the assessment methodology adopted, approved, and ordered by the City Council of the City of Atascadero and the 1982 Act.

 City Engineer

2. EXECUTIVE SUMMARY

Pursuant to the provisions of the *Benefit Assessment Act of 1982, being Chapter 6.4 of the California Government Code, commencing with Section 54703* (hereafter referred to as the “1982 Act”), and in compliance with the substantive and procedural requirements of the *California State Constitution Article XIII D* (hereafter referred to as the “California Constitution”), the City Council of the City of Atascadero, County of San Luis Obispo, State of California (hereafter referred to as “City”), proposed to form and levy special benefit assessments for the district designated as:

Street and Storm Drain Maintenance District No. 01 (Apple Valley)

(hereafter referred to as the “District”), which includes the lots and parcels of land within the residential subdivision known as Apple Valley, Tract 2495 within the City limits of the City. This Engineer’s Report (hereafter referred to as the “Report”) has been prepared in connection with the levy and collection of annual assessments related thereto for fiscal year 2018/19.

The City Council formed the District, and provided for the levy and collection of annual assessments on the County tax rolls to provide ongoing funding for the costs and expenses required to service and maintain the street and storm drain improvements and facilities associated with and resulting from the development of properties within the District. The improvements to be provided by the District and the assessments described herein are made pursuant to the 1982 Act and the substantive and procedural provisions of the California Constitution.

This Report describes the District, the improvements, and the proposed assessments to be levied against properties in connection with the special benefits the properties will receive from the maintenance and servicing of the District improvements and facilities. The annual assessments described herein will provide a funding source for the continued operation and maintenance of streets, storm drain system, and appurtenant facilities installed in connection with the development of properties within the District.

The improvements and assessments described in this Report are based on the development of properties within the District and represent an estimate of the direct expenditures, incidental expenses, and fund balances that will be necessary to maintain and service the streets and storm drain system that provides special benefits to properties within the District. The structure of the District (organization), the improvements, the method of apportionment, and assessments described herein are based on current development plans and specifications for Tract 2495; and by reference these plans and specifications are made part of this Report.

The word “parcel,” for the purposes of this Report, refers to an individual property assigned its own Assessor’s Parcel Number (APN) by the San Luis Obispo County Assessor’s Office. The San Luis Obispo County Auditor/Controller uses Assessor’s Parcel Numbers and specific Fund Numbers to identify properties to be assessed on the tax roll for the special benefit assessments.

As part of this District’s formation, the City conducted a Property Owner Protest Ballot proceeding for the proposed levy of a new assessment pursuant to the provisions of the *California Constitution, Article XIII D Section 4*. In conjunction with this ballot proceeding, the City Council conducted a noticed public hearing to consider public testimonies, comments, and written protests regarding the formation of the District and levy of assessments. Upon conclusion of the public hearing, property owner protest ballots received were opened and tabulated to determine whether majority protest existed (ballots were weighted based on assessment amounts), and by resolution the City Council confirmed the results of the ballot tabulation.

The tabulation of the ballots indicated that majority protest did not exist for the proposed assessments and the assessment range formula presented and described herein; therefore, the City Council approved the Report (as submitted or amended), ordered the formation of the District, and approved the levy and collection of assessments. The assessments for fiscal year 2005/2006 were submitted to the San Luis Obispo County Auditor/Controller for inclusion on the property tax roll for each parcel.

Each subsequent fiscal year, a Report shall be prepared and presented to the City Council describing any changes to the improvements, proposed services, the annual budget or assessments for that fiscal year and the City Council may hold a noticed public hearing regarding these matters prior to approving and ordering the proposed levy of assessments. If the proposed assessments for the District exceed the maximum assessment described herein (as approved by the property owners), the new or increased assessment must be confirmed through another property owner protest ballot proceeding before such an assessment may be imposed. It should be noted that an increased assessment to an individual property resulting from changes in development or land use does not constitute an increased assessment.

3. PLANS AND SPECIFICATIONS

Benefiting Properties within the District

The territory within the District consists of the lots, parcels, and subdivisions of land within the proposed residential subdivision known as the Apple Valley, Tract 2495, which encompasses an area of land totaling approximately twenty-eight acres (28.35 acres).

This residential subdivision includes seventy (70) single-family residential homes. The subdivision is situated in the northern portion of the City just southwest of Highway 101 and is generally located:

- South of Del Rio Road;
- North of Conejo Road;
- West of Ramona Road; and,
- East of Graves Creek.

Funding Authorized by The 1982 Act

As generally defined by the 1982 Act and applicable to this District, the City may impose a benefit assessment to finance the maintenance and operation costs of the following services:

- Drainage and Flood Control;
- Streets and Roads.

In addition to imposing a benefit assessment for the annual maintenance and operation of the District improvements, the City may also authorize an assessment or utilize existing assessment revenues to finance the installation, construction, or replacement of drainage and flood control facilities as well as the street and road improvements (with some limitations). While such activities are permitted under the 1982 Act, the budget and assessments for this District only provide for normal maintenance and operation of the improvements. Since most major rehabilitation/construction projects result from unforeseen damages, the extent and cost of such projects are not easily predicted and to accumulate funds as part of the normal annual assessments would not be reasonable. If such funding becomes necessary, the City may present a new or increased assessment to the property owners to support the projects.

Description of Improvements and Services

The purpose of this District is to fund the activities necessary to maintain and service the local streets and the drainage and flood control systems constructed and installed in connection with development of properties within the residential subdivision known as Apple Valley, Tract 2495 pursuant to approved development plans and agreements. The improvements may consist of all or a portion of the public streets, drainage and flood control facilities associated with Tract 2495 and the maintenance of these improvements may include but are not limited to the materials, equipment, labor, and incidental expenses deemed necessary to keep these improvements in satisfactory condition.

The maintenance of the improvements and related activities shall be funded entirely or partially through the District assessments. The District improvements and services are generally described as:

- Street maintenance that may include but is not limited to the repair and servicing of street surfaces, curbs, gutters, bridges, driveway approaches, sidewalks, barricades, delineation, signage, or other facilities within the public street right-of-ways installed in connection with the development of properties in Tract 2495 and that have been dedicated to the City;
- Storm drain and flood control maintenance that may include but is not limited to inspection, repair and servicing of drainage basins, inlets, catch basins, manholes, outlets, drywells, pumps, filters, and storm drain pipes installed in connection with the development of properties of Tract 2495 as well as any off-site improvements and facilities directly associated with the aforementioned infrastructure that is deemed necessary to service or protect the properties including waste water treatment;
- The appurtenant, equipment, materials, and service contracts related to the aforementioned improvements and facilities;
- Specifically excluded are those improvements or facilities: located on private property or common areas; that may be provided or maintained by an agency other than the City; that may be provided by another assessment or tax levied by the City; or that may be provided and maintained by a Homeowner's Association or similar entity.

Detailed maps and descriptions of the location and extent of the specific improvements to be maintained by the District are on file in the Office of Public Works and by reference are made part of this Report. Those portions of the District improvements that may be identified as general benefit or will be funded in whole or in part by other revenue sources as part of the approved development agreements, will not be included as part of the District assessments. The net annual cost to provide and maintain the improvements determined to be of special benefit shall be allocated to each property in proportion to the special benefits received.

Street Maintenance

The street maintenance program may include, but is not limited to: the repair of potholes, cracks, or other failures in the asphalt surface; repair or replacement of curbs, gutters, driveway approaches, and sidewalks as required as part of maintaining the streets; repair or installation of street signs, barricades, fencing, or other delineation; mechanized sweeping and cleaning of the streets and gutters; slurry sealing, overlays, and re-striping of the street surfaces. The specific activities and timing of various street and road maintenance services shall be determined by the City's Public Works Department as necessary to extend the life of the streets or to improve traffic circulation and safety as available funding permits. Specifically the street improvements for this District are identified as:

- Approximately 106,460 square feet of asphalt street surface located on the perimeter of the development (south half of Del Rio Road); and the various interior streets identified as Via Colonia Court, San Ramon Road, Via Huerto Court, Avenida Manzana, and San Ramon Road.
- Approximately 5,320 linear feet of curb and gutter along Del Rio Road, Via Colonia Court, San Ramon Road, Via Huerto Court, Avenida Manzana, San Ramon Road, and Conejo Road;
- Approximately 3,545 square feet of decorative street pavers and 1,254 linear feet of curb and gutter in and around the two median islands on San Ramon Road (entryways to the development at Del Rio Road and Conejo Road);
- Approximately 70 driveway approaches, 25,394 square feet of sidewalks and various street signs within the District;
- Specifically not included as part of the street maintenance program are the costs associated with major

- replacements or reconstruction. Although the District assessments will provide funding for regular maintenance and servicing of the improvements that will extend the useful life of the street improvements, the assessments are not intended to fund major replacements or reconstruction of the street surfaces or adjacent improvements such as curbs, gutters, or driveway approaches. The costs of extensive replacement or reconstruction activities such as grinding and resurfacing of the asphalt; and replacement of curbs, gutters, driveway approaches, and sidewalks is significantly more than the amount that can reasonably be collected annually under the provisions of the 1982 Act. When such repairs or activities are deemed necessary, the City will consider various financing options including new or increased assessments for property owner approval.

The Public Works Department shall authorize the operational activities and maintenance of the public street and right-of-way improvements, facilities, and services that may include, but are not limited to:

- Regular street sweeping services necessary to control dirt and debris on street surfaces and gutters;
- Annual inspection of street surface and repair of potholes and surface cracks as needed;
- Periodic slurry or overlay of street surfaces and driveway approaches (typically one or the other once every five years);
- Periodic re-striping of traffic lanes, bike lanes, street parking areas, crosswalks, and intersections (typically in conjunction with slurry or overlay activities);
- Graffiti abatement of public improvements within the street right-of-ways that are maintained by the District including but not limited to sandblasting, repainting and repair of fences, walls, barricades, sidewalks, and signage as needed;
- Annual inspection and periodic repair or replacement of decorative street-pavers as needed;
- Annual inspection and minor repairs of curbs, gutters, driveway approaches, and sidewalks including partial segment replacements as needed to ensure pedestrian and vehicle safety or the integrity of the street;
- Annual inspection and periodic repair or rehabilitation of street signs and traffic control devices;
- Annual inspection and repair of barricades, street-fencing, delineation or retaining walls within the street right-of-ways as needed.

A portion of the services described above are not performed on an annual basis but rather on a periodic basis, such as slurry sealing or overlaying the asphalt streets, and the funds necessary for these activities are collected in installments as part of the annual assessments. The monies collected each year for these services will be accumulated in a special fund of the District (Reserve Fund or Capital Improvement Fund). The monies accumulated for these activities shall be spent when sufficient funds have been accumulated to perform the services deemed necessary by the City (approximately every five years). This process of accumulating funds (installments) shall continue until such time the District is dissolved; or the City determines that such funding procedures require modification. Changes in the process of accumulating funds that would result in an increase to the annual assessment rate must be presented to the property owners for approval prior to imposing such an increase.

Storm Drain and Flood Control Maintenance

The storm drain and flood control system associated with the District may include but is not limited to: drainage basins and bio-filters; channel ways; storm drain inlets, catch basins, manholes, outlets; drywells, pumps, filters and pipes. The storm drain system to be maintained primarily involves on-site facilities (within

the District boundaries) but may also include off-site improvements such as water treatment equipment, facilities or services mandated or required by Federal, State, or County regulations for water pollution control. The annual assessments for this District are intended to support a storm drain and flood control maintenance program that will adequately regulate and control storm water runoff resulting from the development of properties within the District. This maintenance program may include but is not limited to: inspection and documentation of the system; cleaning, servicing, or repair of the facilities and equipment; and the partial replacement or rehabilitation of equipment and facilities. The storm drain and flood control system includes but is not limited to:

- Approximately 30,050 square feet of drainage basin area;
- Twenty-eight (28) inlets, outlets, and manholes located throughout Tract 2495;
- Approximately 2,100 linear feet of storm drain pipe ranging from 18 inches to 42 inches in diameter.

The Public Works Department shall authorize and schedule the operational activities and maintenance of the storm drain and storm water pollution treatment infrastructure, facilities, and services that may include, but are not limited to:

- Cleaning of storm drain inlets, catch basins, manholes, and pipes as needed;
- Stencil maintenance and documentation of facilities as required by Federal, State, or County regulations;
- Cleaning and landscape maintenance of the drainage basins, bio-filter areas or channel ways as needed;
- Debris removal and pest control in and around the storm drain facilities as needed;
- Minor repairs and maintenance of the storm drain inlets, catch basins, and outlets as needed;
- Street sweeping services necessary to control debris and water flow for the storm drain system; and,
- The operational costs related to NPDES compliance requirements.

A portion of the services described above are not performed on an annual basis but rather on a periodic basis such as minor repairs to the storm drain inlets, catch basins, and outlets, and the funds necessary for these activities are collected in installments as part of the annual assessments. The monies collected each year for these services will be accumulated in a special fund of the District (Reserve Fund or Capital Improvement Fund). The monies accumulated for these activities shall be spent as needed to perform the services deemed necessary by the City. This process of accumulating funds (installments) shall continue until such time the District is dissolved; or the City determines that such funding procedures require modification. Changes in the process of accumulating funds that would result in an increase to the annual assessment rate must be presented to the property owners for approval prior to imposing such an increase.

4. ESTIMATE OF COSTS

| BUDGET | FY 2018/19 |
|--|-------------------|
| DIRECT COSTS | |
| Street, Roads & Storm Drain Improvements | |
| Street Sweeping Services | \$1,600 |
| Inspection & Operational Services - Roads, Drainage | 13,600 |
| Total Annual Direct Costs | \$15,200 |
| ADMINISTRATION EXPENSES | |
| City Annual Administration | \$2,000 |
| Engineer's Report & Services | 3,087 |
| Public Noticing | 300 |
| Total Annual Administration Costs | \$5,387 |
| TOTAL DIRECT & ADMINISTRATION COSTS | \$20,587 |
| CAPITAL RESERVE COLLECTIONS/(USES) | |
| Collection for Street Surface Activities | \$21,800 |
| Collection for Street Re-striping | 80 |
| Collection for Repair Activities: Curbs, Gutters, Approaches & Sidewalks | 850 |
| Collection for Debris Removal | 380 |
| Collection for Storm Drain Fencing | 380 |
| Collection for Storm Drain Infrastructure | 600 |
| Total Annual Capital Reserve Collections/(Uses) | \$24,090 |
| LEVY ADJUSTMENTS | |
| Interest Income - Improvement Fund | (\$4,207) |
| Interest Income - Operating Reserve Fund | (143) |
| Improvement Fund Reserve Fund Collection/(Use) | (12,327) |
| Total Levy Adjustments | (\$16,677) |
| BALANCE TO LEVY | \$28,000 |
| DISTRICT STATISTICS | |
| Total Parcels | 74 |
| Parcels Levied | 70 |
| Total EBU | 70 |
| Levy per EBU ⁽¹⁾ | 400.00 |
| Maximum Levy per EBU | 739.52 |
| FUND BALANCE INFORMATION | |
| Beginning Operating Reserve Balance | \$13,381 |
| Operational Reserve Interest | 143 |
| Use of Operational Reserve Interest | (143) |
| Operational Reserve Collection/(Use) | 0 |
| Estimated Ending Operating Reserve Balance | \$13,381 |
| Beginning Improvement Fund Balance | \$380,550 |
| Improvement Fund Interest | 4,207 |
| Use of Improvement Fund Interest | (4,207) |
| Improvement Fund Collection/(Use) | 12,327 |
| Estimated Ending Improvement Fund Balance | \$392,877 |

(1) Levy per EBU rate does not include the County of San Luis Obispo fee of \$2.00 per parcel

5. METHOD OF ASSESSMENT

General

The 1982 Act permits the establishment of assessment districts by agencies for the purpose of providing for the maintenance, operation, and servicing of drainage and flood control improvements as well as streets, roads, and appurtenant facilities. The 1982 Act further requires that the cost of these improvements be levied according to benefit rather than assessed value:

“The amount of the assessment imposed on any parcel of property shall be related to the benefit to the parcel which will be derived from the provision of the service”.

Furthermore:

“The annual aggregate amount of the assessment shall not exceed the estimated annual cost of providing the service, except that the legislative body may, by resolution, determine that the estimated cost of work authorized ... is greater than can be conveniently raised from a single annual assessment and order that the estimated cost shall be raised by an assessment levied and collected in installments.... The revenue derived from the assessment shall not be used to pay the cost of any service other than the service for which the assessment was levied.”

The method of apportionment described in this Report for allocation of special benefit assessments utilizes commonly accepted engineering practices in compliance with the provisions of the 1982 Act and the California Constitution. The formulas used for calculating assessments reflects the composition of parcels within the District and the improvements and services provided, to fairly apportion the costs based on the special benefits to each parcel.

Benefit Analysis

Each of the proposed improvements and services, and the associated costs and assessments have been carefully reviewed, identified and allocated based on special benefit pursuant to the provisions of the 1982 Act and the California Constitution. The street and storm drain improvements associated with this District were necessary and essential requirements for the orderly development of the properties within the District to their full potential, consistent with the development plans and applicable portions of the City’s General Plan. As such the ongoing operation, servicing, and maintenance of those improvements would otherwise be the direct financial obligation of each individual property owner. Since each parcel to be assessed within the District could not have been developed in the absence of these improvements and facilities, each parcel has a direct investment in the proper maintenance of the improvements that is over and above any general benefits that may be conferred by such improvements and services.

The ongoing maintenance and servicing of the District improvements is an integral part of the appearance, use and preservation of the properties within the District and such services to be funded by annual assessments confer a particular and distinct special benefit to those parcels. The proper maintenance of streets and appurtenant facilities allows individual parcels to be used to their fullest extent by ensuring the safe and efficient movement of people and goods to and from the benefiting properties. Likewise, the maintenance and servicing of the storm drain system ensures proper water flow and control of excess water during periods of rain, which is essential to preservation and protection of private property. Together the maintenance and servicing of the streets and storm drain system contributes to a specific enhancement of each of the parcels

within the District and the absence of adequate maintenance and servicing of the District improvements could eventually have a negative impact on properties within the District.

Although the improvements may include public streets and storm drain facilities that connect to similar facilities outside the District boundaries, it is clear that the construction and installation of these improvements were only necessary for the development of properties within the District. As such, these improvements were not required nor necessarily desired by any properties or developments outside the District boundary and any public access or use of the improvements by others is incidental. Therefore, it has been determined that the ongoing maintenance, servicing and operation of the District improvements provide no measurable general benefit to properties outside the District or to the public at large, but clearly provide distinct and special benefits to properties within the District. Any improvement or portion thereof (particularly off-site storm drain facilities) that may be considered general benefit shall be funded by other revenue sources and not included as part of the special benefit assessments allocated to properties within this District. However, the costs associated with installation or improvement of any off-site facilities that benefit the parcels within this District as well as other properties (shared benefit) may be allocated to the parcels within the District based on their proportional special benefit from such improvements.

Assessment Methodology

The costs associated with the improvements and services shall be fairly distributed among the parcels based upon the special benefit received by each parcel. Additionally, in compliance with the California Constitution Article XIID Section 4, each parcel's assessment may not exceed the reasonable cost of the proportional special benefit conferred to that parcel. The benefit formula used to determine the assessment obligation is therefore based upon both the improvements that benefit the parcels within the District as well as the proposed land use of each property as compared to other parcels that benefit from those specific improvements.

The method of apportionment established for this District and described herein, reflects the proportional special benefit each property receives from the improvements and services based on the actual or proposed land use of that parcel as compared to other properties within the District based on similarities and differences in parcel land use.

Equivalent Benefit Units:

To assess benefits equitably it is necessary to relate each property's proportional special benefits to the special benefits of the other properties within the District. The method of apportionment established for most districts formed under the 1982 Act utilizes a weighted method of apportionment known as an Equivalent Benefit Unit (EBU) methodology that uses the single-family home site as the basic unit of assessment. A single-family home site equals one Equivalent Benefit Unit (EBU) and the other land uses are converted to a weighted EBU based on an assessment formula that equates the property's specific development status, type of development (land use), and size of the property, as compared to a single-family home site.

Although the Equivalent Benefit Unit method of apportioning special benefit is most commonly used and applied to districts that have a wide range of land use classifications (residential and non-residential use), this District is comprised of only residential properties and the following apportionment analysis of special benefit addresses only residential land uses. Not all land use types described in the following are necessarily applicable to the development of properties within this District, but are presented for comparison purposes to support the proportional special benefit applied to those land use types within the District.

EBU Application by Land Use:

- (1) Single-family Residential** — This land use is defined as a fully subdivided residential home site with or without a structure. This land use is assessed 1.0 EBU per lot or parcel. This is the base value that the other properties are compared and weighted against (i.e. Equivalent Benefit Unit “EBU”).
- (2) Multi-family Residential** — This land use is defined as a fully subdivided residential parcel that has more than one residential unit developed on the property. (This land use typically includes apartments, duplexes, triplex etc., but does not generally include condominiums, town-homes or mobile-home parks). Based on average population densities and size of the structure as compared to a typical single-family residential unit, multi-family residential parcels shall be proportionately assessed for the parcel’s total number of residential units utilizing a sliding benefit scale. Although multi-family properties typically receive similar benefits to that of a single-family residential, it would not be reasonable to conclude that on a per unit basis, the benefits are equal. Studies have consistently shown that the average multi-family unit impacts infrastructure approximately 75% as much as a single-family residence (Sample Sources: Institute of Transportation Engineers Informational Report Trip Generation, Fifth Edition; Metcalf and Eddy, Wastewater Engineering Treatment, Disposal, Reuse, Third Edition). These various studies indicate that most public improvements and infrastructure are utilized and impacted at reduced levels by multi-family residential units and a similar reduction in proportional benefit is appropriate. Furthermore, it is also reasonable to conclude that as the density (number of units) increases; the proportional benefit per unit tends to decline because the unit size and people per unit usually decreases. Based on these considerations and the improvements provided by this District, an appropriate allocation of special benefit for multi-family residential properties as compared to a single-family residential property is best represented by the following special benefit assignment: 0.75 EBU per unit for the first 50 units; 0.50 EBU per unit for units 51 through 100; and 0.25 EBU per unit for the remaining units.
- (3) Condominium/Town-home Units** — Condominiums and town-homes tend to share attributes of both single-family residential and multi-family residential properties and for this reason are identified as a separate land use classification. Like most single-family residential properties, these properties are not usually considered rental property and generally, the County assigns each unit a separate APN or assessment number. However, condominiums and town-homes often have similarities to multi-family residential properties in that they are generally zoned medium to high density and in some cases may involve multiple units on a single APN. In consideration of these factors it has been determined that an appropriate allocation of special benefit for condominiums, town-homes, and similar residential properties is best represented by an assignment of 0.75 EBU per unit regardless of whether each unit is assigned an individual APN or there are multiple units assigned to an APN. (There is no adjustment for parcels with more than five units).
- (4) Planned-Residential Development** — This land use is defined as any property for which a tentative or final tract map has been filed and approved (a specific number of residential lots and units has been identified) and the property is expected to be subdivided within the fiscal year or is part of the overall improvement and development plan for the District. This land use classification often times involves more than a single parcel (e.g. the approved tract map encompasses more than a single APN). Each parcel that is part of the approved tract map shall be assessed proportionately for the proposed or estimated residential type and units to be developed on that parcel as part of the approved tract map. Accordingly, each parcel is assigned an appropriate number of benefit units

that reflects the development of that property at build-out. (The EBU assigned to each parcel shall represent the combination of single-family, condominium, multi-family units to be developed).

(5) Vacant Residential — This land use is defined as property currently zoned for residential development, but a tentative or final tract map for the property has not yet been approved. Based upon the opinions of professional appraisers who appraise market property values for real estate in California, the land value portion of a property typically ranges from 20 to 30 percent of the total value of a developed residential property (the average is about 25 percent). Although the assessed value of an individual property is not a direct reflection of the property's special benefit, this general correlation between land value and structure value does provide a reasonable basis for apportioning special benefit for vacant residential properties. Utilizing this twenty-five percent (25%) apportionment and the number of single-family residential units typically developed per acre of land (an average of 4 residential units per acre) an Equivalent Benefit Unit of 1.0 EBU per acre (4 units per acre x 25%) is derived and presents an appropriate apportionment of special benefit for vacant residential properties. Recognizing that the full and timely utilization of vacant property is reduced as the size of the property increases, it has been determined that the maximum EBU assigned to a vacant residential parcel shall not exceed 25.0 EBU (parcels in excess of 25 acres are assigned 25.0 EBU). Parcels less than one acre, shall be assigned a minimum of 1.0 EBU (similar to a vacant lot within a residential tract).

(6) Exempt Parcels — This land use identifies properties that are not assessed and are assigned 0.0 EBU. This land use classification may include but is not limited to:

- Lots or parcels identified as public streets and other roadways (typically not assigned an APN by the County);
- Dedicated public easements including open space areas, utility rights-of-way, greenbelts, parkways, parks, or other publicly owned properties that are part of the District improvements or may provide other benefits to private properties within the District.;
- Private properties that cannot be developed independently from an adjacent property, such as common areas, sliver parcels, or bifurcated lots or properties with very restrictive development use.

These types of parcels are considered to receive little or no benefit from the improvements and are therefore exempted from assessment, but shall be reviewed annually by the assessment engineer to confirm the parcels current development status. Government owned properties or public properties are not necessarily exempt properties and shall be subject to special benefit assessment unless it qualifies for an exempt status.

(7) Special Cases — In many districts where multiple land use classifications are involved, there are usually one or more properties for which the standard land use classifications do not accurately identify the special benefits received from the improvements. For example, a parcel may be identified as a Vacant Residential property, however only a small percentage of the parcel's total acreage can actually be developed. In this case, an appropriate calculation would be based on the net acreage that can be utilized rather than the gross acreage of the parcel

The following table provides a summary of land use classifications and the Equivalent Benefit Unit calculations previously outlined.

| Property Type | Equivalent Benefit Units | Multiplier |
|---------------------------------|--------------------------|----------------------------------|
| Single-family Residential | 1.00 | Per Unit/Lot/Parcel |
| Multi-family Residential | 0.75 | Per Unit for the First 50 Units |
| | 0.50 | Per Unit for Units 51-100 |
| | 0.25 | Per Unit for all Remaining Units |
| Condominium/Townhome Units | 0.75 | Per Unit |
| Planned Residential Development | 1.00 | Per Planned SF Residential Lot |
| | 0.75 | Per Planned Condominium |
| | 0.75 | Per Unit for the First 50 Units |
| | 0.50 | Per Unit for Units 51-100 |
| | 0.25 | Per Unit for all Remaining Units |
| Vacant Residential Land | 1.00 | Per Acre |
| Exempt Parcels | 0.00 | Per Parcel |

The following formula is used to calculate each parcel's EBU (proportional benefit).

$$\text{Parcel Type EBU} \times \text{Acres or Units} = \text{Parcel EBU}$$

The total number of Equivalent Benefit Units (EBU's) is the sum of the individual EBU's applied to parcels that receive special benefit from the improvements. An assessment amount per EBU (Assessment Rate) for the improvements is established by taking the total cost of the improvements and dividing that amount by the total number of EBU's of the parcels benefiting from the improvements. This Rate is then applied back to each parcel's individual EBU to determine the parcel's proportionate benefit and assessment obligation for the improvements.

$$\text{Total Balance to Levy} / \text{Total EBU} = \text{Levy per EBU}$$

$$\text{Levy per EBU} \times \text{Parcel EBU} = \text{Parcel Levy Amount}$$

Assessment Range Formula

Any new or increased assessment requires certain noticing and meeting requirements by law. Prior to the passage of Proposition 218 (California Constitution Articles XIIC and XIID), legislative changes in the Brown Act defined a "new or increased assessment" to exclude certain conditions. These conditions included "any assessment that does not exceed an assessment formula or range of assessments previously adopted by the agency or approved by the voters in the area where the assessment is imposed." This definition and conditions were later confirmed through Senate Bill 919 (Proposition 218 implementing legislation).

The purpose of establishing an Assessment Range Formula is to provide for reasonable increases and inflationary adjustment to annual assessments without requiring costly noticing and mailing procedures, which could add to the District costs and assessments. As part of the District formation, the notice and assessment ballots presented to the property owners for approval included a maximum assessment amount for fiscal year 2005/2006 (initial maximum assessment), identification of the corresponding maximum assessment rate and a

summary of the Assessment Range Formula described herein.

The Assessment Range Formula for this District shall be applied to the future assessments and is generally defined:

- If the proposed annual assessment (levy per EBU) for the upcoming fiscal year is less than or equal to the adjusted Maximum Assessment Rate, then the proposed annual assessment is not considered an increased assessment.
- The Maximum Assessment Rate is equal to the (Initial) Maximum Assessment Rate established for fiscal year 2005/2006 adjusted annually by the greater of, three percent (3%) or the annual percentage change in the Consumer Price Index (CPI) of "All Urban Consumers" for the San Francisco-Oakland-San Jose Area from February to February. In January 2018, BLS introduced a new geographic area sample for the CPI. As part of the change the index for this area was renamed from San Francisco-Oakland-San Jose to San Francisco-Oakland-Hayward. The metropolitan area is comprised of Alameda, Contra Costa, Marin, San Francisco, San Mateo Counties in the State of California. This CPI will be used going forward.

Beginning with fiscal year 2006/2007 and each fiscal year thereafter, the Maximum Assessment Rate has been recalculated and a new Maximum Assessment Rate established for the fiscal year utilizing the Assessment Range Formula described above. The Maximum Assessment Rate is calculated independent of the District's annual budget and proposed assessment. The annual percentage change in CPI is based on available data provided by the U.S. Department of Labor; Bureau of Labor Statistics at the time the annual Report is prepared. Should the Bureau of Labor Statistics revise such index or discontinue the preparation of such index, the City shall use the revised index or comparable system as approved by the City Council for determining fluctuations in the cost of living. In January 2018, BLS introduced a new geographic area sample for the CPI. As part of the change the index for this area was renamed from San Francisco-Oakland-San Jose to San Francisco-Oakland-Hayward. The metropolitan area is comprised of Alameda, Contra Costa, Marin, San Francisco, San Mateo Counties in the State of California. This CPI will be used going forward.

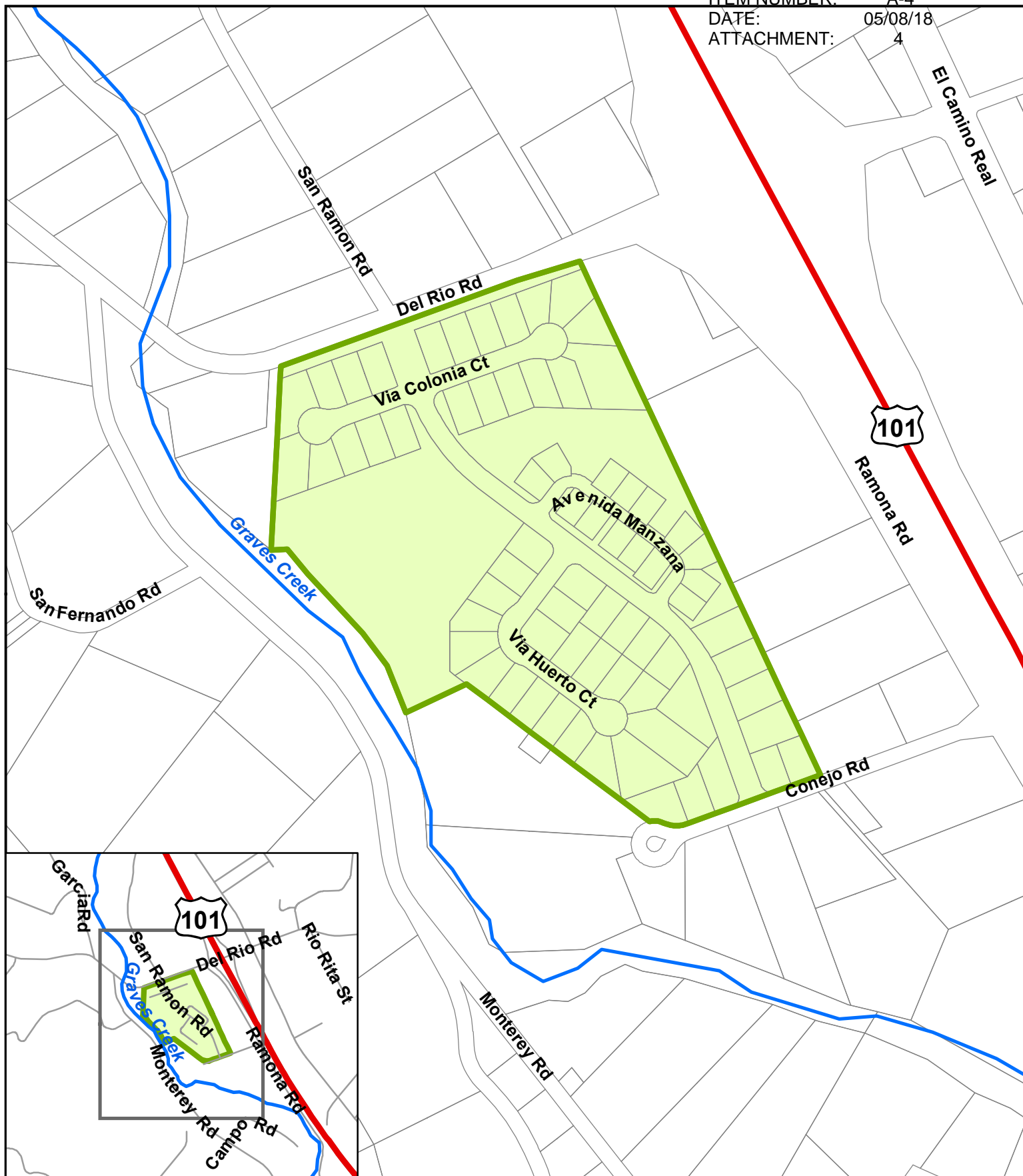
Any proposed annual assessment (rate per EBU) less than or equal to the calculated (adjusted) Maximum Assessment Rate is not considered an increased assessment, even if the proposed assessment is significantly greater than the assessment applied in the prior fiscal year. Likewise, modifications to the method of apportionment that increase the proportional special benefit assigned to a particular land use classification would be considered an increased assessment. Conversely, reductions in the proportional special benefit assigned to a land use classification is permitted. Changes in land use or size of an individual property resulting in an assessment increase, are not considered an increased assessment.

To impose a new or increased assessment other than the annual inflationary adjustment provided by the preceding Assessment Range Formula, the City must comply with the provisions of the California Constitution Article XIID Section 4c, that requires a public hearing and certain protest procedures including mailed notice of the public hearing and property owner protest balloting. Property owners through the balloting process must approve a proposed new or increased assessment before such an assessment may be imposed.

6. ASSESSMENT DIAGRAM

The parcels within the Street and Storm Drain Maintenance District No. 01 (Apple Valley) consist of the lots, parcels, and subdivisions of land located in the residential development known as Apple Valley, Tract 2495. The District covers approximately twenty-eight acres (28.35 acres) in the northern portion of the City of Atascadero.

The following map is based on the District Diagram, the San Luis Obispo County Assessor's Maps and the San Luis Obispo County Assessor's information and identifies the parcels of land within the proposed District, as the same existed at the time the District was formed. The combination of the District Diagram on file with the City Clerk and the Assessment Roll contained in this Report constitute the District Assessment Diagram.



CITY OF ATASCADERO

APPLE VALLEY

Street and Storm Drain Maintenance District No. 1

Landscaping and Lighting District No. 1



7. ASSESSMENT ROLL

Parcel identification for each lot or parcel within the District is based on the Assessment Diagram presented herein and is based on available parcel maps and property data from the San Luis Obispo County Assessor's Office at the time the Engineer's Report was prepared. A listing of the proposed lots and parcels to be assessed within this District along with the assessment amounts is provided herein.

Non-assessable lots or parcels may include, but are not limited to public streets and other roadways (typically not assigned an APN by the County); dedicated public easements, open space areas, right-of-ways, common areas; landlocked parcels, small parcels vacated by the County, bifurcated lots, and any other property that can not be developed or has little or no value. These types of parcels are considered to receive little or no benefit from the improvements and are therefore exempted from assessment.

If any parcel submitted for collection is identified by the County Auditor/Controller to be an invalid parcel number for the fiscal year, a corrected parcel number and/or new parcel numbers will be identified and resubmitted to the County Auditor/Controller. The assessment amount to be levied and collected for the resubmitted parcel or parcels shall be based on the method of apportionment and assessment rate described in this Report as approved by the City Council. Therefore, if a single parcel is subdivided to multiple parcels, the assessment amount applied to each of the new parcels shall be recalculated and applied according to the approved method of apportionment and assessment rate rather than a proportionate share of the original assessment.

CITY OF ATASCADERO
Street and Storm Drain Maintenance District No. 01
(Apple Valley)

Fiscal Year 2018/2019 Assessment Roll

| Assessor's Parcel Number | Equivalent Benefit Units | Maximum Assessment | Proposed Assessment |
|-----------------------------|-----------------------------|-----------------------|------------------------|
| 049-191-039 | 0 | \$ - | \$ - |
| 049-191-040 | 0 | - | - |
| 049-191-041 | 0 | - | - |
| 049-192-001 | 1 | 739.52 | 400.00 |
| 049-192-002 | 1 | 739.52 | 400.00 |
| 049-192-003 | 1 | 739.52 | 400.00 |
| 049-192-004 | 1 | 739.52 | 400.00 |
| 049-192-005 | 1 | 739.52 | 400.00 |
| 049-192-006 | 1 | 739.52 | 400.00 |
| 049-192-007 | 1 | 739.52 | 400.00 |
| 049-192-008 | 1 | 739.52 | 400.00 |
| 049-192-009 | 1 | 739.52 | 400.00 |
| 049-192-010 | 1 | 739.52 | 400.00 |
| 049-192-011 | 1 | 739.52 | 400.00 |
| 049-192-012 | 1 | 739.52 | 400.00 |
| 049-192-013 | 1 | 739.52 | 400.00 |
| 049-192-014 | 1 | 739.52 | 400.00 |
| 049-192-015 | 1 | 739.52 | 400.00 |
| 049-192-016 | 1 | 739.52 | 400.00 |
| 049-192-017 | 1 | 739.52 | 400.00 |
| 049-192-018 | 1 | 739.52 | 400.00 |
| 049-192-019 | 1 | 739.52 | 400.00 |
| 049-192-020 | 1 | 739.52 | 400.00 |
| 049-192-021 | 1 | 739.52 | 400.00 |
| 049-192-022 | 1 | 739.52 | 400.00 |
| 049-193-001 | 1 | 739.52 | 400.00 |
| 049-193-002 | 1 | 739.52 | 400.00 |
| 049-193-003 | 1 | 739.52 | 400.00 |
| 049-193-004 | 1 | 739.52 | 400.00 |
| 049-193-005 | 1 | 739.52 | 400.00 |
| 049-193-006 | 1 | 739.52 | 400.00 |
| 049-193-007 | 1 | 739.52 | 400.00 |
| 049-193-008 | 1 | 739.52 | 400.00 |
| 049-193-010 | 1 | 739.52 | 400.00 |
| 049-193-011 | 1 | 739.52 | 400.00 |
| 049-193-012 | 1 | 739.52 | 400.00 |
| 049-193-013 | 1 | 739.52 | 400.00 |



| Assessor's Parcel Number | Equivalent Benefit Units | Maximum Assessment | Proposed Assessment |
|-----------------------------|-----------------------------|-----------------------|------------------------|
| 049-193-014 | 1 | 739.52 | 400.00 |
| 049-193-015 | 1 | 739.52 | 400.00 |
| 049-193-016 | 1 | 739.52 | 400.00 |
| 049-193-017 | 1 | 739.52 | 400.00 |
| 049-193-018 | 1 | 739.52 | 400.00 |
| 049-193-019 | 1 | 739.52 | 400.00 |
| 049-193-020 | 1 | 739.52 | 400.00 |
| 049-193-021 | 1 | 739.52 | 400.00 |
| 049-193-022 | 1 | 739.52 | 400.00 |
| 049-193-023 | 1 | 739.52 | 400.00 |
| 049-193-024 | 1 | 739.52 | 400.00 |
| 049-193-025 | 1 | 739.52 | 400.00 |
| 049-193-026 | 1 | 739.52 | 400.00 |
| 049-193-027 | 1 | 739.52 | 400.00 |
| 049-193-028 | 1 | 739.52 | 400.00 |
| 049-193-029 | 1 | 739.52 | 400.00 |
| 049-193-030 | 1 | 739.52 | 400.00 |
| 049-193-031 | 1 | 739.52 | 400.00 |
| 049-193-032 | 1 | 739.52 | 400.00 |
| 049-193-033 | 1 | 739.52 | 400.00 |
| 049-193-034 | 1 | 739.52 | 400.00 |
| 049-193-035 | 1 | 739.52 | 400.00 |
| 049-193-036 | 1 | 739.52 | 400.00 |
| 049-193-037 | 1 | 739.52 | 400.00 |
| 049-193-038 | 1 | 739.52 | 400.00 |
| 049-193-039 | 1 | 739.52 | 400.00 |
| 049-193-040 | 1 | 739.52 | 400.00 |
| 049-193-041 | 1 | 739.52 | 400.00 |
| 049-193-042 | 1 | 739.52 | 400.00 |
| 049-193-043 | 1 | 739.52 | 400.00 |
| 049-193-044 | 1 | 739.52 | 400.00 |
| 049-193-045 | 1 | 739.52 | 400.00 |
| 049-193-046 | 1 | 739.52 | 400.00 |
| 049-193-047 | 1 | 739.52 | 400.00 |
| 049-193-048 | 1 | 739.52 | 400.00 |
| 049-193-049 | 0 | - | - |
| 049-193-051 | 1 | 739.52 | 400.00 |
| Totals | 70 | \$ 51,766.40 | \$ 28,000.00 |

(1) Slight variance in charge or total budget are due to rounding for placement on the tax rolls.



DRAFT RESOLUTION D

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ATASCADERO, CALIFORNIA, INITIATING PROCEEDINGS FOR ANNUAL LEVY OF ASSESSMENTS FOR THE ATASCADERO LANDSCAPING AND LIGHTING MAINTENANCE DISTRICT NO. 01 (APPLE VALLEY) FOR FISCAL YEAR 2018/2019 PURSUANT TO THE PROVISIONS OF PART 2 OF DIVISION 15 OF THE CALIFORNIA STREETS AND HIGHWAYS CODE

The City Council of the City of Atascadero (hereafter referred to as “City Council”) hereby finds, determines, resolves and orders as follows:

WHEREAS, the City Council has, by previous Resolutions, formed the Atascadero Landscaping and Lighting Maintenance District No. 01 (Apple Valley) (hereafter referred to as “District”) pursuant to the provisions of the *Landscaping and Lighting Act of 1972, Part 2 of Division 15 of the Streets and Highways Code of California, beginning with Section 22500* (hereafter referred to as the “Act”) that provides for levy and collection of assessments by the County of San Luis Obispo for the City of Atascadero to pay the maintenance and services of lighting facilities, landscaping, and appurtenant facilities and operations related thereto; and

WHEREAS, the District and the associated assessments are in compliance with the provisions of California Constitution Article XIID; and

WHEREAS, the City Council has retained NBS for the purpose of assisting with the Annual Levy of the District and to prepare and file a report with the City Clerk in accordance with the Act.

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Atascadero as follows:

SECTION 1. Engineer’s Annual Levy Report: The City Council hereby orders NBS to prepare the Engineer’s Annual Levy Report concerning the levy of assessments for the District in accordance with *Chapter 3, Section 22622* of the Act.

SECTION 2. Proposed Improvements and Any Substantial Changes in Existing Improvements: The improvements within the District include the ongoing operation, administration, maintenance, servicing and incidental expenses related to the dedicated landscape areas, public street lighting and appurtenant facilities authorized pursuant to the Act that were installed as part of property development and associated with the District. Said improvements may include, but are not limited to the materials, equipment, utilities, labor, appurtenant facilities and expenses necessary for the ongoing maintenance and operation of public street lighting as well as landscaped parkways, medians, slopes, trails, park areas, drainage basins, open space areas and other designated easements or right-of-ways constructed and installed as part of the development plans and agreements approved for the development of each lot and parcel within the District. The

Engineer's Annual Levy Report describes any new improvements or substantial changes in existing improvements.

PASSED AND ADOPTED at a regular meeting of the City Council held on the ____th day of ____, 2018.

On motion by Council Member _____ and seconded by Council Member _____, the foregoing Resolution is hereby adopted in its entirety on the following roll call vote:

AYES:
NOES:
ABSENT:

CITY OF ATASCADERO

Tom O'Malley, Mayor

ATTEST:

Lara K. Christensen, City Clerk

APPROVED AS TO FORM:

Brian A. Pierik, City Attorney

DRAFT RESOLUTION E

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
ATASCADERO, CALIFORNIA, FOR PRELIMINARY APPROVAL OF
THE ENGINEER'S ANNUAL LEVY REPORT FOR THE ATASCADERO
LANDSCAPING AND LIGHTING MAINTENANCE DISTRICT NO. 01
(APPLE VALLEY) FOR FISCAL YEAR 2018/2019**

The City Council of the City of Atascadero (hereafter referred to as "City Council") does resolve as follows:

WHEREAS, the City Council has, by previous Resolutions, ordered the preparation of an Engineer's Annual Levy Report (hereafter referred to as the "Report") for the district known and designated as the Atascadero Landscaping and Lighting Maintenance District No. 01 (Apple Valley) (hereafter referred to as the "District") pursuant to the provisions of the *Landscaping and Lighting Act of 1972, Part 2 of Division of the Streets and Highways Code of California, beginning with Section 22500* (hereafter referred to as the "Act"); and

WHEREAS, the District and the associated assessments are in compliance with the provisions of California Constitution Article XIID; and

WHEREAS, the City Council has now been presented with the Report as required by *Chapter 1, Article 4, Section 22566* of said Act; and

WHEREAS, the City Council has carefully examined and reviewed the Report as presented and is preliminarily satisfied with the Report, each of the budget items and documents as set forth therein and is satisfied on a preliminary basis that the proposed assessments have been spread in accordance with the benefits received from the improvements, operation, maintenance, and services to be performed within each benefit zone as set forth in said Report.

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Atascadero as follows:

SECTION 1. The above recitals are true and correct.

SECTION 2. That the presented Report consists of the following:

- a. A Description of the Improvements
- b. The Annual Budget (Costs and Expenses of Services, Operation, and Maintenance)
- c. The Method of Apportionment that details the method of calculating each parcel's proportional special benefits and annual assessment.
- d. The District Roll containing the proposed assessment for each parcel within the District for Fiscal Year 2018/2019.

SECTION 3. The Report is hereby approved on a preliminary basis and ordered to be filed in the Office of the City Clerk as a permanent record and to remain open to public inspection.

SECTION 4. That the City Clerk shall certify to the passage and adoption of this Resolution, and the minutes of this meeting shall so reflect the presentation of the Report.

PASSED AND ADOPTED at a regular meeting of the City Council held on the ____th day of ____, 2018.

On motion by Council Member _____ and seconded by Council Member _____, the foregoing Resolution is hereby adopted in its entirety on the following roll call vote:

AYES:
NOES:
ABSENT:

CITY OF ATASCADERO

Tom O'Malley, Mayor

ATTEST:

Lara K. Christensen, City Clerk

APPROVED AS TO FORM:

Brian A. Pierik, City Attorney

DRAFT RESOLUTION F

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
ATASCADERO, CALIFORNIA, DECLARING ITS INTENTION TO LEVY
AND COLLECT ASSESSMENTS FOR THE ATASCADERO
LANDSCAPING AND LIGHTING MAINTENANCE DISTRICT NO. 01
(APPLE VALLEY) FOR FISCAL YEAR 2018/2019**

The City Council of the City of Atascadero (hereafter referred to as “City Council”) does resolve as follows:

WHEREAS, The City Council has by previous Resolution initiated proceedings for fiscal year 2018/2019 regarding the levy and collection of assessments for the Atascadero Landscaping and Lighting District No. 01 (Apple Valley) (hereafter referred to as the “District”). Pursuant to the provisions of the *Landscaping and Lighting Act of 1972, Part 2, Division 15 of the California Streets and Highways Code (commencing with section 22500)* (hereafter referred to as the “Act”), assessments for the District shall be levied and collected by the County of San Luis Obispo for the City of Atascadero to pay the maintenance and services of the improvements and facilities related thereto; and

WHEREAS, the proposed District assessments for fiscal year 2018/2019 are less than or equal to the maximum assessments previously approved in accordance with the requirements of the California Constitution, Article XIID; and

WHEREAS, there has now been presented to this City Council an Engineer’s Annual Levy Report (hereafter referred to as the “Engineer’s Report”), and said Engineer’s Report has been filed with the City Clerk in accordance with the Act; and

WHEREAS, the City Council has examined and reviewed the Engineer’s Report as presented and is satisfied with the Report, each of the budget items and documents as set forth therein and is satisfied that the proposed assessments contained therein, have been spread in accordance with the benefits received from the improvements, operation, maintenance and services to be performed within the District, as set forth in said Report.

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Atascadero, pursuant to Chapter 3, Section 22624 of the Act, as follows:

SECTION 1. The above recitals are true and correct.

SECTION 2. The City Council hereby declares its intention to seek the annual levy and collection of assessments within the District pursuant to the Act, over and including the lands, lots and parcels within the District boundary. The City Council further declares its intention to levy and collect assessments on such land to pay the annual costs and expenses of the improvements and services described in Section 4 of this Resolution, for fiscal year 2018/2019.

SECTION 3. The boundaries of the District are described in the Engineer’s Report and are consistent with the boundary established and described in the original formation documents, on file with the City Clerk, and incorporated herein by reference. The District is within the boundaries of the City of Atascadero, within the County of San Luis Obispo, State of California and includes the territory known as Apple Valley and referred to as the “Atascadero Landscaping and Lighting District No. 1”.

SECTION 4. The improvements within the District include the ongoing maintenance, operation and servicing of local landscaping and street lighting improvements established or installed in connection with development of properties within the District. These improvements generally include, but are not limited to the materials, equipment, utilities, labor, appurtenant facilities and expenses necessary for the ongoing maintenance and operation of public street lighting as well as landscaped parkways, medians, slopes, trails, park areas, drainage basins, open space areas and other designated easements or right-of-ways constructed and installed as part of the development plans and agreements approved for the development of each lot and parcel within the District.

SECTION 5. The proposed assessments for fiscal year 2018/2019, as outlined in the Engineer’s Report, do not exceed the maximum assessment approved by the property owners through a property owner balloting proceeding conducted in 2005. As such, the proposed assessments do not constitute an increased assessment and do not require additional property owner approval in accordance with the requirements of the California Constitution, Article XIID.

SECTION 6. The City Council hereby declares its intention to conduct a Public Hearing concerning the District and the levy of assessments in accordance with *Chapter 3, Section 22626* of the Act.

SECTION 7. Notice is hereby given that a Public Hearing on these matters will be held by the City Council on Tuesday, June 12, 2018, at 6:00 p.m., at the City Council Chambers, 6500 Palma Avenue, Atascadero, California or as soon thereafter as feasible. At the Public Hearing, all interested persons shall be given an opportunity to hear and be heard on the proposed assessment to be levied for fiscal year 2018/2019 as contained in the Engineer’s Report on file in the City Clerk’s Office.

SECTION 8. The City Clerk shall give notice of the time and place of the Public Hearing to all property owners within the District pursuant to Sections 22626, 22552 and 22553 of the Act and 6061 of the Government Code by publishing this Resolution of Intention in a local newspaper one time at least 10 days prior to the Public hearing.

PASSED AND ADOPTED at a regular meeting of the City Council held on the ___th day of ____, 2018.

On motion by Council Member _____ and seconded by Council Member _____, the foregoing Resolution is hereby adopted in its entirety on the following roll call vote:

AYES:
NOES:
ABSENT:

CITY OF ATASCADERO

Tom O'Malley, Mayor

ATTEST:

Lara K. Christensen, City Clerk

APPROVED AS TO FORM:

Brian A. Pierik, City Attorney

CITY OF ATASCADERO

Landscaping and Lighting District District No. 01 (Apple Valley)

2018/19 Engineer's Report

May 2018

OFFICE LOCATIONS:

Temecula – Corporate Headquarters
32605 Temecula Parkway, Suite 100
Temecula, CA 92592

San Francisco – Regional Office
870 Market Street, Suite 1223
San Francisco, CA 94102

California Satellite Offices
Atascadero, Davis
Huntington Beach,
Joshua Tree, Riverside
Sacramento, San Jose

www.nbsgov.com

Prepared by:



CITY OF ATASCADERO
Landscaping & Lighting District No. 01
(Apple Valley)

6500 Palma Avenue
Atascadero, CA 93422
Phone – (805) 461-5000
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CITY COUNCIL

Tom O'Malley, Mayor

Roberta Fonzi, Mayor Pro Tem

Charles Bourbeau, Council Member

Heather Moreno, Council Member

Brian Sturtevant, Council Member

AGENCY STAFF

Rachelle Rickard, City Manager

Jeri Rangel, Administrative Services Director

Cindy Chavez, Deputy Director of Administrative Services

NBS

Danielle Wood, Client Services Director

Adina McCargo, Senior Consultant

TABLE OF CONTENTS

- 1. Engineer’s Letter..... 1-1**
- 2. Executive Summary 2-1**
- 3. Plans and Specifications..... 3-1**
 - Description of the District 3-1
 - Improvements and Services Authorized by The 1972 Act..... 3-1
 - Description of Improvements and Services 3-1
- 4. Estimate of Costs 4-1**
- 5. Method of Assessment 5-1**
 - General..... 5-1
 - Benefit Analysis..... 5-1
 - Assessment Methodology..... 5-2
 - Assessment Range Formula 5-6
- 6. Assessment Diagram..... 6-1**
- 7. Assessment Roll..... 7-1**

1. ENGINEER’S LETTER

WHEREAS, on March 24, 2005 by Resolution No. 2005-045, the City Council of the City of Atascadero (the “City”), State of California, in accordance with and pursuant to the Landscape and Lighting Act of 1972, Part 2, Division 15 of the California Streets and Highways Code (commencing with Section 22500 (the “1972 Act”) established the City of Atascadero Landscaping and Lighting District No. 01 (Apple Valley) (the “District”); and

WHEREAS, on May 8, 2018, the City Council, under the 1972 Act, adopted its Resolution Initiating Proceedings for the Annual Levy of Assessments and Ordering the Preparation of an Engineer’s Report for the District; and

WHEREAS, the Resolution Initiating Proceedings directed NBS to prepare and file a report describing the general nature, location, and extent of the improvements to be maintained; an estimate of the costs of the maintenance, operations, and servicing of the improvements for the District for the referenced fiscal year; a diagram for the District, showing the area and properties to be assessed; and an assessment of the estimated costs of the administration, maintenance, operations, and servicing the improvements, assessing the net amount upon all assessable lots and/or parcels within the District in proportion to the special benefit received.

NOW THEREFORE, the assessments as detailed in this Engineer’s Report and as summarized in the table below are made to cover the portion of the estimated costs of maintenance, operation and servicing of the improvements to be paid by the assessable real property within the District in proportion to the special benefit received. The following table summarizes the proposed assessment for Fiscal Year 2018/19:

FY 2018/19 Budget Summary

| Description | Total Costs | Costs Not Assessed | Proposed Assessment | Total Benefit Units | Maximum Rate | Proposed Rate Per BU |
|--------------------|-----------------|--------------------|---------------------|---------------------|-------------------|----------------------|
| Annual Maintenance | \$78,215 | \$9,645 | \$68,570 | | | |
| Administration | 6,250 | 0 | 6,250 | | | |
| Levy Adjustments | (10,965) | (9,645) | (1,320) | | | |
| Total | \$73,500 | \$0 | \$73,500 | 70 | \$1,616.08 | \$1,050.00 |

I, the undersigned, respectfully submit the enclosed Engineer’s Report and, to the best of my knowledge, information, and belief, the Engineer’s Report, Assessments, and the Assessment Diagram herein have been prepared, computed, and levied in accordance with the assessment methodology adopted, approved, and ordered by the City Council of the City of Atascadero and the 1972 Act.

 City Engineer

2. EXECUTIVE SUMMARY

Pursuant to the provisions of the Landscaping and *Lighting Act of 1972*, being *Part 2 of Division 15* of the *California Streets and Highways Code*, commencing with *Section 22500* (hereafter referred to as the “1972 Act”), and in compliance with the substantive and procedural requirements of the California State Constitution Article XIID (hereafter referred to as “Article XIID”), the City Council of the City of Atascadero, County of San Luis Obispo, State of California (hereafter referred to as “City”), executed the proceedings required for the establishment of the special benefit assessment district designated as:

Landscaping and Lighting District No. 01 (Apple Valley)

(hereafter referred to as the “District”), which includes the lots and parcels of land within the residential subdivision known as Apple Valley, Tract 2495 within the City limits of the City. This Engineer’s Report (hereafter referred to as the “Report”) has been prepared in connection with the levy and collection of annual assessments related thereto for fiscal year 2018/19, as required pursuant to Chapter 1, Article 4 of the 1972 Act.

The City Council formed the District, and provided for the levy and collection of annual assessments on the County tax rolls to provide ongoing funding for the costs and expenses required to service and maintain the landscaping and lighting improvements associated with and resulting from the development of properties within the District. The improvements to be provided by the District and the assessments described herein are made pursuant to the 1972 Act and the substantive and procedural provisions of Article XIID.

This Report describes the District, the improvements, and the proposed assessments to be levied against properties in connection with the special benefits the properties will receive from the maintenance and servicing of the District improvements. The annual assessments will provide a funding source for the continued operation and maintenance of public landscaping and lighting improvements installed in connection with the development of properties within the District.

The improvements and assessments described in this Report are based on the planned development of properties within the District and represent an estimate of the direct expenditures, incidental expenses, and fund balances that will be necessary to maintain and service the improvements. The boundaries of the District, the proposed improvements, the method of apportionment, and assessments described herein are based on current development plans and specifications for Tract 2495; and by reference these plans and specifications are made part of this Report.

The word “parcel,” for the purposes of this Report, refers to an individual property assigned its own Assessor’s Parcel Number (APN) by the San Luis Obispo County Assessor’s Office. The San Luis Obispo County Auditor/Controller uses Assessor’s Parcel Numbers and specific Fund Numbers to identify properties to be assessed on the tax roll for the special benefit assessments.

As part of the District formation, the City of Atascadero conducted a Property Owner Protest Ballot proceeding for the proposed levy of a new assessment pursuant to the provisions of the California Constitution, Article XIID Section 4. In conjunction with this ballot proceeding, the City Council conducted a noticed public hearing on May 24, 2005 to consider public testimonies, comments and written protests regarding the formation of the District and levy of assessments. Upon conclusion of the public hearing, property owner protest ballots received were opened and tabulated to determine whether majority protest existed (ballots were weighted based on assessment amounts), and by resolution the City Council confirmed the results of the ballot tabulation. Tabulation of the ballots indicated that majority protest did not exist for

the proposed assessments and the assessment range formula presented and described herein, the City Council approved the Report (as submitted or amended), ordered the formation of the District, and approved the levy and collection of assessments. The assessments for fiscal year 2005/2006 were submitted to the San Luis Obispo County Auditor/Controller for inclusion on the property tax roll for each parcel.

Each subsequent fiscal year, an Engineer's Report shall be prepared and presented to the City Council describing the District any changes to the District or improvements and the proposed budget and assessments for that fiscal year and the City Council shall hold a noticed public hearing regarding these matters prior to approving and ordering the proposed levy of assessments. If the proposed assessments for the District exceed the maximum assessment described herein (as approved by the property owners), the new or increased assessment must be confirmed through another property owner protest ballot proceeding before such an assessment may be imposed. It should be noted that an increased assessment to an individual property resulting from changes in development or land use does not constitute an increased assessment.

3. PLANS AND SPECIFICATIONS

Description of the District

The territory within the District consists of the lots, parcels and subdivisions of land within the proposed residential subdivision known as the Apple Valley, Tract 2495, which encompasses an area of land totaling approximately twenty-eight acres (28.35 acres).

This residential subdivision includes seventy (70) single-family residential homes. The subdivision is situated in the northern portion of the City of Atascadero just southwest of Highway 101 and is generally located:

- South of Del Rio Road;
- North of Conejo Road;
- West of Ramona Road; and,
- East of Graves Creek

Improvements and Services Authorized by The 1972 Act

As generally defined by the 1972 Act and applicable to this District, the improvements and associated assessments may include one or more of the following:

- 1) The installation or planting of landscaping;
- 2) The installation or construction of statuary, fountains, and other ornamental structures and facilities;
- 3) The installation or construction of public lighting facilities including, but not limited to street lights and traffic signals;
- 4) The installation or construction of any facilities which are appurtenant to any of the foregoing or which are necessary or convenient for the maintenance or servicing thereof;
- 5) The installation of park or recreational improvements, including, but not limited to, all of the following:
 - a) Land preparation, such as grading, leveling, cutting and filling, sod, landscaping, irrigation systems, sidewalks, and drainage.
 - b) Lights, playground equipment, play courts, and public restrooms.
- 6) The acquisition of land for park, recreational, or open-space purposes or any existing improvement otherwise authorized pursuant to this section.
- 7) The maintenance or servicing, of any of the foregoing including the furnishing of services and materials for the ordinary and usual maintenance, operation, and servicing of any improvement including but not limited to:
 - a) Repair, removal, or replacement of all or any part of any improvements;
 - b) Grading, clearing, removal of debris, the installation or construction of curbs, gutters, walls, sidewalks, or paving, or water, irrigation, drainage, or electrical facilities;
 - c) Providing for the life, growth, health, and beauty of landscaping, including cultivation, irrigation, trimming, spraying, fertilizing, or treating for disease or injury;

- d) The removal of trimmings, rubbish, debris, and other solid waste;
 - e) The cleaning, sandblasting, and painting of walls and other improvements to remove or cover graffiti;
 - f) Electric current or energy, gas, or other illuminating agent for any public lighting facilities or for the lighting or operation of any other improvements;
 - g) Water for the irrigation of any landscaping, the operation of any fountains, or the maintenance of any other improvements.
- 8) Incidental expenses associated with the improvements including, but not limited to:
- a) The cost of preparation of the report, including plans, specifications, estimates, diagram, and assessment;
 - b) The costs of printing, advertising, and the publishing, posting and mailing of notices;
 - c) Compensation payable to the County for collection of assessments;
 - d) Compensation of any engineer or attorney employed to render services;
 - e) Any other expenses incidental to the construction, installation, or maintenance and servicing of the improvements;
 - f) Costs associated with any elections held for the approval of a new or increased assessment.

Description of Improvements and Services

The purpose of this District is to ensure the ongoing maintenance, operation and servicing of local landscaping and street lighting improvements established or installed in connection with development of properties within the District. The improvements may consist of all or a portion of the public landscaped areas, street lighting and appurtenant facilities within and adjacent to the District (Tract 2495). These improvements generally include, but are not limited to the materials, equipment, utilities, labor, appurtenant facilities and expenses necessary for the ongoing maintenance and operation of public street lighting as well as landscaped parkways, medians, slopes, trails, park areas, drainage basins, open space areas and other designated easements or right-of-ways constructed and installed as part of the development plans and agreements approved for the development of each lot and parcel within the District. The improvements to be maintained and funded entirely or partially through the District assessments are generally described as:

- Streetscape landscaping including street trees located on the perimeter of the development and interior streets of Tract 2495 that are within the public right-of-ways or easements and dedicated to the City for maintenance;
- Open space areas and fuel modification areas within or adjacent to the District boundaries;
- Park areas, recreational equipment, trails and landscaped drainage facilities developed and constructed as part of developing properties within Tract 2495;
- Public lighting facilities including street lighting, safety lighting and ornamental lighting installed as part of the residential development or landscaped improvement areas;
- Appurtenant facilities, equipment, materials and utilities related to the aforementioned improvements;

- Specifically not included as District improvements are those improvements located on private property, improvements and facilities that may be provided or maintained by an agency other than the City; improvements and facilities that may be provide by another assessment or tax levied by the City or any improvement provided and maintained by a Homeowner’s Association or similar entity.

Detailed maps and descriptions of the location and extent of the specific improvements to be maintained by the District are on file in the Office of Public Works and by reference are made part of this Report. Those portions of the District improvements that may be identified as general benefit or will be funded in whole or in part by other revenue sources as part of the approved development agreements, will not be included as part of the District assessments. The net annual cost to provide and maintain the improvements determined to be of special benefit shall be allocated to each property in proportion to the special benefits received.

Landscape Improvements

The landscape improvements for the District may include, but are not limited to turf, ground cover, shrubs and plants, trees, irrigation and drainage systems, ornamental lighting, masonry walls or other fencing, hardscape improvements, monuments, and associated appurtenant facilities located within the landscape easements or public right-of-ways. Specifically the landscape improvement areas for this District are identified as:

- Approximately 30,580 square feet of streetscape (parkway) landscaping within the public right-of-ways located on the perimeter of the development (south side of Del Rio Road); and along various locations of the interior streets including Via Colonia Court, San Ramon Road, Via Huerto Court, Avenida Manzana, and San Ramon Road.
- Approximately 108 street trees located along Del Rio Road, Via Colonia Court, San Ramon Road, Via Huerto Court, Avenida Manzana, San Ramon Road and Conejo Road;
- Approximately 12,541 square feet of landscaping and trees within the median islands on San Ramon Road located at the two entryways to the development (Del Rio Road and Conejo Road);
- Approximately 106,460 square feet of non-irrigated open space area within the District;
- Approximately 109,837 square feet of irrigated park and open space areas within the boundaries of the District including 56,647 square feet of turf; 40,335 square feet of irrigated open space; and 12,855 square feet of landscaped slopes within two drainage basins (6,690 and 6,165 square feet respectively); along with various trees and picnic areas;
- Approximately 10,320 square feet of paths and trails, 25,394 square feet sidewalks and 5,145 linear feet of fencing within and adjacent to the various landscape improvement areas.

Public Lighting Improvements

The lighting improvements may include but are not limited to the cost of providing electrical energy and servicing of lighting fixtures, poles, meters, conduits, electrical cable and associated appurtenant facilities associated with:

- Lighting facilities located within the landscaped areas including safety lights, security lights or ornamental lights installed as part of the District improvements.

4. ESTIMATE OF COSTS

| BUDGET | Total Budget | Costs Not Assessed | Fiscal Year 2018/19 |
|--|-------------------|--------------------|---------------------|
| DIRECT COSTS | | | |
| Annual Maintenance | | | |
| Landscape Services | \$31,710 | \$5,940 | \$25,770 |
| Landscape Supplies | 2,500 | 0 | 2,500 |
| Landscape Utilities | 12,220 | 3,055 | 9,165 |
| City Landscape Services | 8,000 | 0 | 8,000 |
| Total Annual Direct Costs | \$54,430 | \$8,995 | \$45,435 |
| Capital Projects | \$5,250 | \$0 | \$5,250 |
| Total Annual Capital Projects | \$5,250 | \$0 | \$5,250 |
| ADMINISTRATION EXPENSES | | | |
| Annual Administration Expenses | | | |
| City Annual Administration | \$2,100 | 0 | \$2,100 |
| Engineer's Report & Services | 4,000 | 0 | 4,000 |
| Public Noticing | 150 | 0 | 150 |
| Total Annual Administration Costs | \$6,250 | 0 | \$6,250 |
| TOTAL DIRECT & ADMINISTRATION COSTS | \$65,930 | \$8,995 | \$56,935 |
| CAPITAL RESERVE COLLECTIONS/(USES) | | | |
| Landscape Rehabilitation/Replacement | \$3,300 | \$650 | \$2,650 |
| Median Rehabilitation/Replacement | 4,605 | 0 | 4,605 |
| Open Space Rehabilitation/Replacement | 5,083 | 0 | 5,083 |
| Tree Rehabilitation/Replacement | 6,997 | 0 | 6,997 |
| Other Rehabilitation/Replacement | 3,800 | 0 | 3,800 |
| Use of Reserves | (5,250) | 0 | (5,250) |
| Total Annual Capital Reserve Collections/(Uses) | \$18,535 | \$650 | \$17,885 |
| LEVY ADJUSTMENTS | | | |
| Interest Income - Improvement Fund | (\$901) | 0 | (\$901) |
| Interest Income - Operating Reserve Fund | (419) | 0 | (419) |
| Contributions from Other Sources | (9,645) | (9,645) | 0 |
| Total Levy Adjustments | (\$10,965) | (9,645) | (\$1,320) |
| BALANCE TO LEVY | \$73,500 | \$0 | \$73,500 |
| DISTRICT STATISTICS | | | |
| Total Parcels | | | 74 |
| Parcels Levied | | | 70 |
| Total EBU | | | 70 |
| Levy per EBU ⁽¹⁾ | | | \$1,050.00 |
| Maximum Levy per EBU | | | \$1,616.08 |
| FUND BALANCE INFORMATION | | | |
| Beginning Operating Reserve Balance | | | \$39,442 |
| Operational Reserve Interest | | | 419 |
| Use of Operational Reserve Interest | | | (419) |
| Estimated Ending Operating Reserve Balance | | | \$39,442 |
| Beginning Improvement Fund Balance | | | \$69,936 |
| Improvement Fund Interest | | | 901 |
| Use of Improvement Fund Interest | | | (901) |
| Improvement Fund Collection (Use) | | | 18,530 |
| Estimated Ending Improvement Fund Balance | | | \$88,466 |

(1) Levy per EBU rate does not include the County of San Luis Obispo fee of \$2.00 per parcel

5. METHOD OF ASSESSMENT

General

The 1972 Act permits the establishment of assessment districts by agencies for the purpose of providing certain public improvements, which include the construction, maintenance, and servicing of public lights, landscaping and appurtenant facilities. The 1972 Act further requires that the cost of these improvements be levied according to benefit rather than assessed value:

“The net amount to be assessed upon lands within an assessment district may be apportioned by any formula or method which fairly distributes the net amount among all assessable lots or parcels in proportion to the estimated benefits to be received by each such lot or parcel from the improvements.”

The method of apportionment described in this Report for allocation of special benefit assessments utilizes commonly accepted engineering practices and have been established pursuant to the 1972 Act and the provisions of Article XIIID. The formulas used for calculating assessments reflects the composition of parcels within the District and the improvements and services provided, to fairly apportion the costs based on the special benefits to each parcel.

Benefit Analysis

Each of the proposed improvements, the associated costs and assessments have been carefully reviewed, identified and allocated based on special benefit pursuant to the provisions of the 1972 Act and Article XIIID. The improvements provided by this District and for which properties will be assessed have been identified as necessary, required and/or desired for the orderly development of the properties within the District to their full potential, consistent with the development plans and applicable portions of the City General Plan. As such, these improvements would be necessary and required of individual property owners for the development of such properties and the ongoing operation, servicing and maintenance of these improvements would be the financial obligation of those properties. Therefore, the improvements and the annual costs of ensuring the maintenance and operation of the improvements are a distinct and special benefit to the properties within the District. Any improvement or portion thereof that is considered to be of general benefit shall be funded by other revenue sources and not included as part of the special benefit assessments allocated to properties within the District.

Special Benefit

The method of apportionment (method of assessment) established herein is based on the premise that each assessed parcel within the District receives special benefits from the improvements and the desirability and security of those properties is enhanced by the presence of public lighting and well-maintained landscaping in close proximity to those properties

The special benefits associated with landscape improvements are specifically:

- Enhanced desirability of properties through association with the improvements.
- Improved aesthetic appeal of properties providing a positive representation of the area and properties.
- Enhanced adaptation of the urban environment within the natural environment from adequate green space and landscaping.

- Environmental enhancement through improved erosion resistance, dust and debris control, and fire prevention.
- Increased sense of pride in ownership of property within the District resulting from well-maintained improvements associated with the properties.
- Enhanced quality of life through well-maintained green space and landscaped areas.
- Reduced criminal activity and property-related crimes (especially vandalism) against properties in the District through well-maintained surroundings and amenities including abatement of graffiti.
- Enhanced environmental quality of the parcels by moderating temperatures, providing oxygenation and attenuating noise.

The special benefits of street lighting and other public lighting facilities are the convenience, safety, and security of property, improvements, and goods. Specifically:

- Enhanced deterrence of crime and the aid to police protection.
- Increased nighttime safety on roads, streets and public areas.
- Improved ability of pedestrians and motorists to see.
- Improved ingress and egress to property.
- Reduced vandalism and other criminal act and damage to improvements or property.
- Improved traffic circulation and reduced nighttime accidents and personal property loss.

The preceding special benefits contribute to the esthetic value and desirability of each of the assessed parcels within the District and thereby provide a special enhancement of the properties. Furthermore, it has been determined that the lack of funding to properly service and maintain the District improvements would have a negative impact on the properties within the District.

General Benefit

In reviewing each of the District improvements, the proximity of those improvements to both properties within the District and those outside the District as well as the reasons for installing and constructing such improvements, it is evident that the improvements are solely the result of developing properties within the District and the ongoing maintenance and operation of these improvements will directly effect the properties within the District. Although the improvements include public areas, easements, right-of-ways and other amenities available or visible to the public at large, the construction and installation of these improvements were only necessary for the development of properties within the District and were not required nor necessarily desired by any properties or developments outside the District boundary and any public access or use of the improvements by others is incidental. Therefore, it has been determined that the improvements and the ongoing maintenance, servicing and operation of those improvements provide no measurable general benefit to properties outside the District or to the public at large, but clearly provide distinct and special benefits to properties within the District.

Assessment Methodology

The method of apportionment for the District calculates the receipt of special benefit from the respective improvements based on the actual or proposed land use of the parcels within the District. The special benefit received by each lot or parcel is equated to the overall land use of parcels within the District based on the parcel's actual land use or proposed development.

The costs associated with the improvements shall be fairly distributed among the parcels based upon the special benefit received by each parcel. Additionally, in compliance with the Article XIID Section 4, each parcel's assessment may not exceed the reasonable cost of the proportional special benefit conferred to that parcel. The benefit formula used to determine the assessment obligation is therefore based upon both the improvements that benefit the parcels within the District as well as the proposed land use of each property as compared to other parcels that benefit from those specific improvements.

To identify and determine the special benefit to be received by each parcel and their proportionate share of the improvement costs it is necessary to consider the entire scope of the planned improvements as well as individual property development within the District. Upon review of the proposed improvements it has been determined that each of the residential parcels within the District receives special benefits from the improvements to be funded by annual assessments and based on the planned property development a single zone of benefit is appropriate for the allocation of the assessments and proportional benefit.

Equivalent Benefit Units:

To assess benefits equitably it is necessary to relate each property's proportional special benefits to the special benefits of the other properties within the District. The method of apportionment established for most districts formed under the 1972 Act utilizes a weighted method of apportionment known as an Equivalent Benefit Unit methodology that uses the single-family home site as the basic unit of assessment. A single-family home site equals one Equivalent Benefit Unit (EBU) and the other land uses are converted to a weighted EBU based on an assessment formula that equates the property's specific development status, type of development (land use), and size of the property, as compared to a single-family home site.

Although the Equivalent Benefit Unit method of apportioning special benefit is most commonly used and applied to districts that have a wide range of land use classifications (residential and non-residential use), this District is comprised of only residential properties and the following apportionment analysis of special benefit addresses only residential land uses. Not all land use types described in the following are necessarily applicable to the development of properties within this District, but are presented for comparison purposes to support the proportional special benefit applied to those land use types within the District.

EBU Application by Land Use:

- (1) Single-family Residential** — This land use is defined as a fully subdivided residential home site with or without a structure. This land use is assessed 1.00 EBU per lot or parcel. This is the base value that the other properties are compared and weighted against regarding special benefit (i.e. Equivalent Benefit Unit "EBU").
- (2) Multi-family Residential** — This land use is defined as a fully subdivided residential parcel that has more than one residential unit developed on the property. (This land use typically includes apartments, duplexes, triplex etc., but does not generally include condominiums, town-homes or mobile home parks). Based on average population densities and size of the structure as compared to a typical single-family residential unit, multi-family residential parcels shall be proportionately assessed for the parcel's total number of residential units utilizing a sliding benefit scale. Although multi-family properties typically receive similar benefits to that of a single-family residential, it would not be reasonable to conclude that on a per unit basis, the benefits are equal. Studies have consistently shown that the average multi-family unit impacts infrastructure approximately 75% as much as a single-family residence (Sample Sources: Institute of Transportation Engineers Informational Report Trip Generation, Fifth Edition; Metcalf and Eddy, Wastewater Engineering Treatment, Disposal, Reuse, Third Edition). These various studies indicate that most public improvements and infrastructure are utilized and impacted at reduced levels by multi-family residential units and a similar reduction in proportional benefit is appropriate. Furthermore, it is

also reasonable to conclude that as the density (number of units) increases the proportional benefit per unit tends to decline because the unit size and people per unit usually decreases. Based on these considerations and the improvements provided by this District, an appropriate allocation of special benefit for multi-family residential properties as compared to a single-family residential is best represented by the following special benefit assignment: 0.75 EBU per unit for the first 50 units; 0.50 EBU per unit for units 51 through 100; and 0.25 EBU per unit for remaining units.

- (3) Condominium/Town-home Units** — Condominiums and town-homes tend to share attributes of both single-family residential and multi-family residential properties and for this reason are identified as a separate land use classification. Like most single-family residential properties, these properties are not usually considered rental property and generally, the County assigns each unit a separate APN or assessment number. However, condominiums and town-homes often have similarities to multi-family residential properties in that they are generally zoned medium to high density and in some cases may involve multiple units on a single APN. In consideration of these factors it has been determined that an appropriate allocation of special benefit for condominiums, town-homes and similar residential properties is best represented by an assignment of 0.75 EBU per unit regardless of whether each unit is assigned an individual APN or there are multiple units assigned to an APN. (There is no adjustment for parcels with more than five units).
- (4) Planned-Residential Development** — This land use is defined as any property for which a tentative or final tract map has been filed and approved (a specific number of residential lots and units has been identified) and the property is expected to be subdivided within the fiscal year or is part of the overall improvement and development plan for the District. This land use classification often times involves more than a single parcel (e.g. the approved tract map encompasses more than a single APN). Each parcel that is part of the approved tract map shall be assessed proportionately for the proposed or estimated residential type and units to be developed on that parcel as part of the approved tract map. Accordingly, each parcel is assigned an appropriate number of benefit units that reflects the development of that property at build-out. (The EBU assigned to each parcel shall represent the combination of single-family, condominium, multi-family units to be developed).
- (5) Vacant Residential** — This land use is defined as property currently zoned for residential development, but a tentative or final tract map for the property has not yet been approved. Based upon the opinions of professional appraisers who appraise market property values for real estate in California, the land value portion of a property typically ranges from 20 to 30 percent of the total value of a developed residential property (the average is about 25 percent). Although the assessed value of an individual property is not a direct reflection of the property's special benefit, this general correlation between land value and structure value does provide a reasonable basis for apportioning special benefit for vacant residential properties. Utilizing this twenty-five percent (25%) apportionment and the number of single-family residential units typically developed per acre of land (an average of 4 residential units per acre) an Equivalent Benefit Unit of 1.00 EBU per acre (4 units per acre x 25%) is derived and presents an appropriate apportionment of special benefit for vacant residential properties. Recognizing that the full and timely utilization of vacant property is reduced as the size of the property increases, it has been determined that the maximum EBU assigned to a vacant residential parcel shall not exceed 25.00 EBU (parcels in excess of 25 acres are assigned 25.00 EBU). Parcels less than one acre, shall be assigned a minimum of 1.00 EBU (similar to a vacant lot within a residential tract).

(6) Exempt Parcels — This land use identifies properties that are not assessed and are assigned 0.00 EBU. This land use classification may include but is not limited to:

- Lots or parcels identified as public streets and other roadways (typically not assigned an APN by the County);
- Dedicated public easements including open space areas, utility rights-of-way, greenbelts, parkways, parks or other publicly owned properties that are part of the District improvements or may provide other benefits to private properties within the District;
- Private properties that cannot be developed independently from an adjacent property, such as common areas, sliver parcels or bifurcated lots or properties with very restrictive development use;

These types of parcels are considered to receive little or no benefit from the improvements and are therefore exempted from assessment, but shall be reviewed annually by the assessment engineer to confirm the parcels’ current development status. Government owned properties or public properties are not necessarily exempt properties and shall be subject to special benefit assessment unless it qualifies for an exempt status.

(7) Special Cases — In many districts where multiple land use classifications are involved, there are usually one or more properties for which the standard land use classifications do not accurately identify the special benefits received from the improvements. For example, a parcel may be identified as a Vacant Residential property, however only a small percentage of the parcel’s total acreage can actually be developed. In this case, an appropriate calculation would be based on the net acreage that can be utilized rather than the gross acreage of the parcel.

The following table provides a summary of land use classifications and the Equivalent Benefit Unit calculations previously outlined.

| Property Type | Equivalent Benefit Units | Multiplier |
|---------------------------------|--------------------------|----------------------------------|
| Single-family Residential | 1.00 | Per Unit/Lot/Parcel |
| Multi-family Residential | 0.75 | Per Unit for the First 50 Units |
| | 0.50 | Per Unit for Units 51-100 |
| | 0.25 | Per Unit for all Remaining Units |
| Condominium/Townhome Units | 0.75 | Per Unit |
| Planned Residential Development | 1.00 | Per Planned SF Residential Lot |
| | 0.75 | Per Planned Condominium |
| | 0.75 | Per Unit for the First 50 Units |
| | 0.50 | Per Unit for Units 51-100 |
| | 0.25 | Per Unit for all Remaining Units |
| Vacant Residential Land | 1.00 | Per Acre |
| Exempt Parcels | 0.00 | Per Parcel |

The following formula is used to calculate each parcel’s EBU (proportional benefit).

$$\text{Parcel Type EBU} \times \text{Acres or Units} = \text{Parcel EBU}$$

The total number of Equivalent Benefit Units (EBU's) is the sum of the individual EBU's applied to parcels that receive special benefit from the improvements. An assessment amount per EBU (Assessment Rate) for the improvements is established by taking the total cost of the improvements and dividing that amount by the total number of EBU's of the parcels benefiting from the improvements. This Rate is then applied back to each parcel's individual EBU to determine the parcel's proportionate benefit and assessment obligation for the improvements.

$$\text{Total Balance to Levy} / \text{Total EBU} = \text{Levy per EBU}$$

$$\text{Levy per EBU} \times \text{Parcel EBU} = \text{Parcel Levy Amount}$$

Assessment Range Formula

Any new or increased assessment requires certain noticing and meeting requirements by law. Prior to the passage of Proposition 218 (California Constitution Articles XIIC and XIID), legislative changes in the Brown Act defined a "new or increased assessment" to exclude certain conditions. These conditions included "any assessment that does not exceed an assessment formula or range of assessments previously adopted by the agency or approved by the voters in the area where the assessment is imposed." This definition and conditions were later confirmed through Senate Bill 919 (Proposition 218 implementing legislation).

The purpose of establishing an Assessment Range Formula is to provide for reasonable increases and inflationary adjustment to annual assessments without requiring costly noticing and mailing procedures, which could add to the District costs and assessments. As part of the District formation, the notice and assessment ballots presented to the property owners for approval included a maximum assessment amount for fiscal year 2005/2006 (initial maximum assessment), identification of the corresponding maximum assessment rate and a summary of the Assessment Range Formula described herein.

The Assessment Range Formula for this District shall be applied to future assessments and is generally defined:

- If the proposed annual assessment (levy per EBU) for the upcoming fiscal year is less than or equal to the adjusted Maximum Assessment Rate, then the proposed annual assessment is not considered an increased assessment.
- The Maximum Assessment Rate is equal to the (Initial) Maximum Assessment Rate established for fiscal year 2005/2006 adjusted annually by the greater of, three percent (3%) or the annual percentage change in the Consumer Price Index (CPI) of "All Urban Consumers" for the San Francisco-Oakland-Hayward Area from February to February. The Maximum Assessment rate was increased by 3.56% for fiscal year 2018/19. In January 2018, BLS introduced a new geographic area sample for the CPI. As part of the change the index for this area was renamed from San Francisco-Oakland-San Jose to San Francisco-Oakland-Hayward. The metropolitan area is comprised of Alameda, Contra Costa, Marin, San Francisco, San Mateo Counties in the State of California. This CPI will be used going forward.

Beginning with the second fiscal year (fiscal year 2006/2007) and each fiscal year thereafter, the Maximum Assessment Rate has been recalculated and a new Maximum Assessment Rate is established for the fiscal year utilizing the Assessment Range Formula described above. The Maximum Assessment Rate is calculated independent of the District's annual budget and proposed assessment. The annual percentage change in CPI is based on available data provided by the U.S. Department of Labor; Bureau of Labor Statistics at the time the annual Report is prepared. Should the Bureau of Labor Statistics revise such index or discontinue the preparation of such index, the City shall use the revised index or comparable system as approved by the City Council for determining fluctuations in the cost of living. In January 2018, BLS introduced a new geographic area sample for the CPI. As part of the change the index for this area was renamed from San Francisco-Oakland-San Jose to San Francisco-Oakland-Hayward. The metropolitan area is comprised of Alameda,

Contra Costa, Marin, San Francisco, San Mateo Counties in the State of California. This CPI will be used going forward.

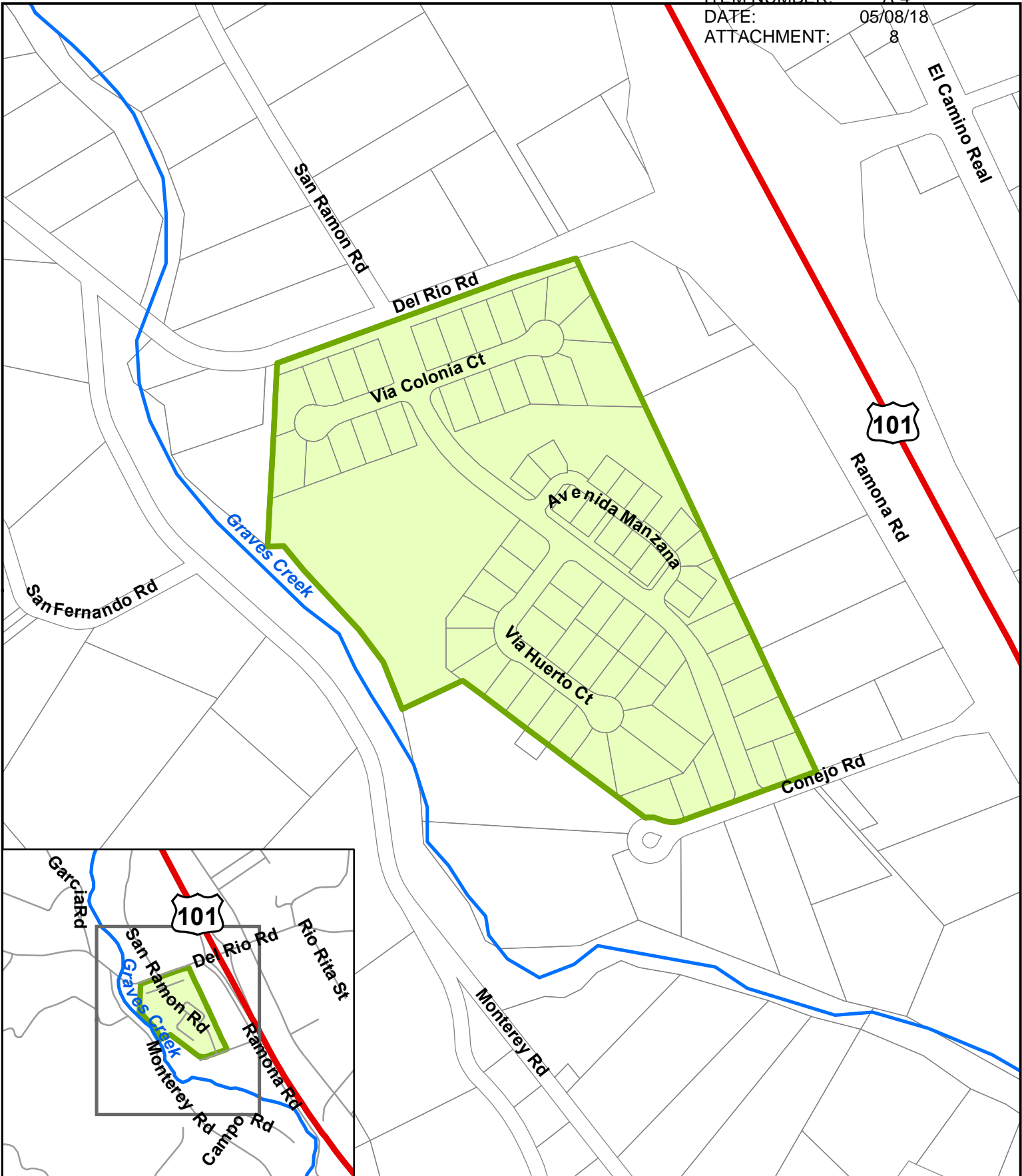
Any proposed annual assessment (rate per EBU) less than or equal to the calculated (adjusted) Maximum Assessment Rate is not considered an increased assessment, even if the proposed assessment is significantly greater than the assessment applied in the prior fiscal year. Likewise, modifications to the method of apportionment that increase the proportional special benefit assigned to a particular land use classification would be considered an increased assessment. Conversely, reductions in the proportional special benefit assigned to a land use classifications are permitted. Changes in land use or size of an individual property resulting in an assessment increase, is not considered an increased assessment.

To impose a new or increased assessment other than the annual inflationary adjustment provided by the preceding Assessment Range Formula, the City must comply with the provisions of Article XIID Section 4c, that requires a public hearing and certain protest procedures including mailed notice of the public hearing and property owner protest balloting. Property owners through the balloting process must approve a proposed new or increased assessment before such an assessment may be imposed.

6. ASSESSMENT DIAGRAM

The parcels within the Landscaping and Lighting District No. 01 (Apple Valley) consist of the lots, parcels and subdivisions of land located in the planned residential development known as Apple Valley, Tract 2495. The District covers approximately twenty-eight acres (28.35 acres) in the northern portion of the City of Atascadero.

The following map is based on the District Diagram, the San Luis Obispo County Assessor's Maps and the San Luis Obispo County Assessor's information and identifies the parcels of land within the proposed District, as the same existed at the time the District was formed. The combination of the District Diagram on file with the City Clerk and the Assessment Roll contained in this Report constitute the District Assessment Diagram.



CITY OF ATASCADERO

APPLE VALLEY

Street and Storm Drain Maintenance District No. 1

Landscaping and Lighting District No. 1



7. ASSESSMENT ROLL

Parcel identification for each lot or parcel within the District is based on the Assessment Diagram presented herein and is based on available parcel maps and property data from the San Luis Obispo County Assessor's Office at the time the Engineer's Report was prepared. A listing of the lots and parcels to be assessed within this District along with the assessment amounts is provided herein.

Non-assessable lots or parcels may include, but are not limited to public streets and other roadways (typically not assigned an APN by the County); dedicated public easements, open space areas, right-of-ways, common areas; landlocked parcels, small parcels vacated by the County, bifurcated lots, and any other property that can not be developed or has little or no value. These types of parcels are considered to receive little or no benefit from the improvements and are therefore exempted from assessment.

If any parcel submitted for collection is identified by the County Auditor/Controller to be an invalid parcel number for the fiscal year, a corrected parcel number and/or new parcel numbers will be identified and resubmitted to the County Auditor/Controller. The assessment amount to be levied and collected for the resubmitted parcel or parcels shall be based on the method of apportionment and assessment rate described in this Report as approved by the City Council. Therefore, if a single parcel is subdivided to multiple parcels, the assessment amount applied to each of the new parcels shall be recalculated and applied according to the approved method of apportionment and assessment rate rather than a proportionate share of the original assessment.

The following is a list of the parcels and assessment amounts for each of the parcels within the District as determined by the assessment rates and method of apportionment described herein.

CITY OF ATASCADERO
Landscaping and Lighting District No. 01
(Apple Valley)
 Fiscal Year 2018/2019 Assessment Roll

| Assessor's Parcel Number | Equivalent Benefit Units | Maximum Assessment | Proposed Assessment |
|-------------------------------------|-------------------------------------|-------------------------------|--------------------------------|
| 049-191-039 | 0 | \$ - | \$ - |
| 049-191-040 | 0 | - | - |
| 049-191-041 | 0 | - | - |
| 049-192-001 | 1 | 1,616.08 | 1,050.00 |
| 049-192-002 | 1 | 1,616.08 | 1,050.00 |
| 049-192-003 | 1 | 1,616.08 | 1,050.00 |
| 049-192-004 | 1 | 1,616.08 | 1,050.00 |
| 049-192-005 | 1 | 1,616.08 | 1,050.00 |
| 049-192-006 | 1 | 1,616.08 | 1,050.00 |
| 049-192-007 | 1 | 1,616.08 | 1,050.00 |
| 049-192-008 | 1 | 1,616.08 | 1,050.00 |
| 049-192-009 | 1 | 1,616.08 | 1,050.00 |
| 049-192-010 | 1 | 1,616.08 | 1,050.00 |
| 049-192-011 | 1 | 1,616.08 | 1,050.00 |
| 049-192-012 | 1 | 1,616.08 | 1,050.00 |
| 049-192-013 | 1 | 1,616.08 | 1,050.00 |
| 049-192-014 | 1 | 1,616.08 | 1,050.00 |
| 049-192-015 | 1 | 1,616.08 | 1,050.00 |
| 049-192-016 | 1 | 1,616.08 | 1,050.00 |
| 049-192-017 | 1 | 1,616.08 | 1,050.00 |
| 049-192-018 | 1 | 1,616.08 | 1,050.00 |
| 049-192-019 | 1 | 1,616.08 | 1,050.00 |
| 049-192-020 | 1 | 1,616.08 | 1,050.00 |
| 049-192-021 | 1 | 1,616.08 | 1,050.00 |
| 049-192-022 | 1 | 1,616.08 | 1,050.00 |
| 049-193-001 | 1 | 1,616.08 | 1,050.00 |
| 049-193-002 | 1 | 1,616.08 | 1,050.00 |
| 049-193-003 | 1 | 1,616.08 | 1,050.00 |
| 049-193-004 | 1 | 1,616.08 | 1,050.00 |
| 049-193-005 | 1 | 1,616.08 | 1,050.00 |
| 049-193-006 | 1 | 1,616.08 | 1,050.00 |
| 049-193-007 | 1 | 1,616.08 | 1,050.00 |
| 049-193-008 | 1 | 1,616.08 | 1,050.00 |
| 049-193-010 | 1 | 1,616.08 | 1,050.00 |
| 049-193-011 | 1 | 1,616.08 | 1,050.00 |
| 049-193-012 | 1 | 1,616.08 | 1,050.00 |
| 049-193-013 | 1 | 1,616.08 | 1,050.00 |



| Assessor's Parcel Number | Equivalent Benefit Units | Maximum Assessment | Proposed Assessment |
|--------------------------|--------------------------|----------------------|---------------------|
| 049-193-014 | 1 | 1,616.08 | 1,050.00 |
| 049-193-015 | 1 | 1,616.08 | 1,050.00 |
| 049-193-016 | 1 | 1,616.08 | 1,050.00 |
| 049-193-017 | 1 | 1,616.08 | 1,050.00 |
| 049-193-018 | 1 | 1,616.08 | 1,050.00 |
| 049-193-019 | 1 | 1,616.08 | 1,050.00 |
| 049-193-020 | 1 | 1,616.08 | 1,050.00 |
| 049-193-021 | 1 | 1,616.08 | 1,050.00 |
| 049-193-022 | 1 | 1,616.08 | 1,050.00 |
| 049-193-023 | 1 | 1,616.08 | 1,050.00 |
| 049-193-024 | 1 | 1,616.08 | 1,050.00 |
| 049-193-025 | 1 | 1,616.08 | 1,050.00 |
| 049-193-026 | 1 | 1,616.08 | 1,050.00 |
| 049-193-027 | 1 | 1,616.08 | 1,050.00 |
| 049-193-028 | 1 | 1,616.08 | 1,050.00 |
| 049-193-029 | 1 | 1,616.08 | 1,050.00 |
| 049-193-030 | 1 | 1,616.08 | 1,050.00 |
| 049-193-031 | 1 | 1,616.08 | 1,050.00 |
| 049-193-032 | 1 | 1,616.08 | 1,050.00 |
| 049-193-033 | 1 | 1,616.08 | 1,050.00 |
| 049-193-034 | 1 | 1,616.08 | 1,050.00 |
| 049-193-035 | 1 | 1,616.08 | 1,050.00 |
| 049-193-036 | 1 | 1,616.08 | 1,050.00 |
| 049-193-037 | 1 | 1,616.08 | 1,050.00 |
| 049-193-038 | 1 | 1,616.08 | 1,050.00 |
| 049-193-039 | 1 | 1,616.08 | 1,050.00 |
| 049-193-040 | 1 | 1,616.08 | 1,050.00 |
| 049-193-041 | 1 | 1,616.08 | 1,050.00 |
| 049-193-042 | 1 | 1,616.08 | 1,050.00 |
| 049-193-043 | 1 | 1,616.08 | 1,050.00 |
| 049-193-044 | 1 | 1,616.08 | 1,050.00 |
| 049-193-045 | 1 | 1,616.08 | 1,050.00 |
| 049-193-046 | 1 | 1,616.08 | 1,050.00 |
| 049-193-047 | 1 | 1,616.08 | 1,050.00 |
| 049-193-048 | 1 | 1,616.08 | 1,050.00 |
| 049-193-049 | 0 | - | - |
| 049-193-051 | 1 | 1,616.08 | 1,050.00 |
| Totals | 70 | \$ 113,125.60 | \$ 73,500.00 |

(1) Slight variance in charge or total budget are due to rounding for placement on the tax rolls.





Atascadero City Council

Staff Report – Administrative Services Department

De Anza Estates Assessment Districts

RECOMMENDATIONS:

Council:

1. Adopt Draft Resolution A initiating proceedings for the levy and collection of annual assessments for Atascadero Street and Storm Drain Maintenance District No. 03 (De Anza Estates) for fiscal year 2018/2019.
2. Adopt Draft Resolution B accepting and preliminarily approving the Engineer's Annual Levy Report regarding the Atascadero Street and Storm Drain Maintenance District No. 03 (De Anza Estates).
3. Adopt Draft Resolution C declaring the City's intention to levy and collect annual assessments within Atascadero Street and Storm Drain Maintenance District No. 03 (De Anza Estates) in fiscal year 2018/2019, and to appoint a time and place for the public hearing on these matters.
4. Adopt Draft Resolution D initiating proceedings for annual levy of assessments for the Atascadero Landscaping and Lighting Maintenance District No. 03 (De Anza Estates) for fiscal year 2018/2019 pursuant to the provisions of Part 2 of Division 15 of the California Streets and Highways Code.
5. Adopt Draft Resolution E for preliminary approval of the Annual Engineer's Levy Report for the Atascadero Landscaping and Lighting Maintenance District No. 03 (De Anza Estates) for fiscal year 2018/2019.
6. Adopt Draft Resolution F declaring the City's intention to levy and collect assessments for the Atascadero Landscaping and Lighting Maintenance District No. 03 (De Anza Estates) for fiscal year 2018/2019, and to appoint a time and place for the public hearing on these matters.

REPORT-IN-BRIEF:

The City Council formed and began assessing Atascadero Street and Storm Drain Maintenance District No. 03 (De Anza Estates) in 2005. This district was formed to provide funding for future routine maintenance of the streets, storm drains and sidewalks in the De Anza Estates subdivision.

The City Council also formed and began assessing Atascadero Landscape and Lighting Maintenance District No. 03 (De Anza Estates) in 2005. This district was formed to provide for funding and maintenance of street trees, open space, park area, medians, walkways, paths and other landscape and lighting improvements within the De Anza Estates subdivision.

NBS, an independent financial consultant, was hired to prepare the engineer’s report for the two districts. The engineer’s report and the levies must be approved by Council annually. This is done in a two-step process. Tonight, there are three resolutions for each district (a total of 6 resolutions in all) that must be passed in order to continue the assessments within the districts. The resolutions passed tonight will also establish the date and time for the public hearing. The public hearing is tentatively scheduled for June 12, 2018, at 6:00 p.m., at which time the final resolutions will be presented to the Council for consideration.

The proposed assessments for fiscal year 2018/2019 are less than the Maximum Assessment Rate. In accordance with the formula voters of the district adopted in 2005, the City may increase the Maximum Assessment Rate for inflation by the greater of the Consumer Price Index (CPI) or 3.0%. The Maximum Assessment Rate was increased by 3.6% this year for both districts. The Landscape and Lighting District has a surplus fund balance, so the City staff held a neighborhood meeting to receive input from property owners as to the preference on how to treat the surplus. The property owners in attendance requested an assessment of about 19% of the allowable maximum annual assessments for the Landscaping and Lighting District, about 47% for Zone A in the Street and Storm Drain District, and about 75% for Zone B in the Street and Storm Drain District.

| District | Amount Per EBU Maximum Assessment Fiscal Year 2018-19 | Amount Per EBU Proposed Assessment Fiscal Year 2018-19 |
|--|---|--|
| Atascadero Street and Storm Drain Maintenance District No. 03 De Anza Estates - Senior Housing | \$ 734.29 | \$ 342.48 |
| Atascadero Street and Storm Drain Maintenance District No. 03 De Anza Estates - Single Family Residential | \$ 907.82 | \$ 681.49 |
| Atascadero Landscaping and Lighting Maintenance District No. 03 De Anza Estates | \$ 1,301.70 | \$ 250.00 |

FISCAL IMPACT:

Annual assessments for 2018/2019 will total \$30,562 for road/drainage system maintenance and \$15,875 for landscape and lighting maintenance. These amounts will be assessed to the owners of parcels in De Anza Estates. The City General Fund will contribute \$1,400 for the fiscal year 2018/2019 for half of the maintenance costs of the trails and open space.

ATTACHMENTS:

1. **Draft Resolution A** - initiating proceedings for the levy and collection of annual assessments for Atascadero Street and Storm Drain Maintenance District No. 03 (De Anza Estates) for fiscal year 2018/2019
2. **Draft Resolution B** - accepting and preliminarily approving the Engineer's Annual Levy Report regarding the Atascadero Street and Storm Drain Maintenance District No. 03 (De Anza Estates)
3. **Draft Resolution C** - declaring the City's intention to levy and collect annual assessments within Atascadero Street and Storm Drain Maintenance District No. 03 (De Anza Estates) in fiscal year 2018/2019, and to appoint a time and place for the public hearing on these matters
4. **Engineer's Annual Levy Report**- for the levy and collection of fiscal year 2018/2019 assessments for Atascadero Street and Storm Drain Maintenance District No. 03 (De Anza Estates)
5. **Draft Resolution D** - initiating proceedings for annual levy of assessments for the Atascadero Landscaping and Lighting Maintenance District No. 03 (De Anza Estates) for fiscal year 2018/2019 pursuant to the provisions of Part 2 of Division 15 of the California Streets and Highways Code
6. **Draft Resolution E** - preliminary approval of the Annual Engineer's Levy Report for Atascadero Landscaping and Lighting Maintenance District No. 03 (De Anza Estates) for fiscal year 2018/2019
7. **Draft Resolution F** - declaring the City's intention to levy and collect assessments for the Atascadero Landscaping and Lighting Maintenance District No. 03 (De Anza Estates) for fiscal year 2018/2019
8. **Engineer's Report**- for the levy and collection of fiscal year 2018/2019 assessments for Landscaping and Lighting District No. 03 (De Anza Estates)

DRAFT RESOLUTION A

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ATASCADERO, CALIFORNIA, INITIATING PROCEEDINGS FOR THE LEVY AND COLLECTION OF ANNUAL ASSESSMENTS FOR ATASCADERO STREET AND STORM DRAIN MAINTENANCE DISTRICT NO. 03 (DE ANZA ESTATES) FOR FISCAL YEAR 2018/2019

The City Council of the City of Atascadero (hereafter referred to as “City Council”) hereby finds, determines, resolves and orders as follows:

WHEREAS, the City Council pursuant to the provisions of the *Benefit Assessment Act of 1982, Chapter 6.4 of the California Government Code, beginning with Section 54703* (hereafter referred to as the “1982 Act”) formed an assessment district to be designated as Atascadero Street and Storm Drain Maintenance District No. 03 (De Anza Estates) (hereafter referred to as the “District”), for the purpose of funding the ongoing operation, maintenance and servicing of public streets, sidewalks, storm drain and flood control facilities installed in conjunction with the development of properties known as De Anza Estates Tract 2498; and to levy and collect annual assessments related thereto. The 1982 Act provides for the formation of such an assessment district pursuant to *Article 3 Section 54710*, and provides for the levy and collection of assessments by the County on behalf of the City pursuant to *Article 4 Section 54718*; and

WHEREAS, the City Council has retained NBS as the Engineer of Work, for the purpose of assisting with the administration of the District, the establishment of annual assessments, and to prepare and file an Engineer’s Report with the City Clerk in accordance with the 1982 Act; and in accordance with the requirements of the *California Constitution, Articles XIII C and XIII D*.

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Atascadero as follows:

SECTION 1. The City Council hereby orders the Engineer to prepare and file an Engineer’s Annual Levy Report concerning the levy of assessments for properties within the District as specified by *Article 4 Section 54716* of the 1982 Act.

SECTION 2. The District improvements include the ongoing operation, administration, maintenance and servicing of the public streets, drainage and flood control systems and appurtenant facilities authorized pursuant to the 1982 Act that were installed as part of property development and associated with the District. Said improvements may include, but are not limited to pavement, curbs, sidewalks, hardscape, bridges, fencing, signage, drains, pipes, inlets, outlets, catch basins, drainage basins, manholes, and associated appurtenant facilities located within the public street right-of-ways and other public easements within the District, and dedicated to the City of Atascadero for such maintenance.

SECTION 3. The territory within Atascadero Street and Storm Drain Maintenance District No. 03 (De Anza Estates) consists of lots, parcels and subdivisions of land located in the development known as De Anza Estates Tract 2498.

PASSED AND ADOPTED at a regular meeting of the City Council held on the ___th day of ____, 2018.

On motion by Council Member _____ and seconded by Council Member _____, the foregoing Resolution is hereby adopted in its entirety on the following roll call vote:

AYES:
NOES:
ABSENT:

CITY OF ATASCADERO

Tom O'Malley, Mayor

ATTEST:

Lara K. Christensen, City Clerk

APPROVED AS TO FORM:

Brian A. Pierik, City Attorney

DRAFT RESOLUTION B

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
ATASCADERO, CALIFORNIA, ACCEPTING AND PRELIMINARILY
APPROVING THE ENGINEER’S ANNUAL LEVY REPORT REGARDING
THE ATASCADERO STREET AND STORM DRAIN MAINTENANCE
DISTRICT NO. 03 (DE ANZA ESTATES)**

The City Council of the City of Atascadero (hereafter referred to as “City Council”) hereby finds, determines, resolves and orders as follows:

WHEREAS, the City Council has, by previous Resolution, ordered the preparation of an Engineer’s Annual Levy Report (hereafter referred to as the “Report”) regarding the assessment district to be designated as the Atascadero Street and Storm Drain Maintenance District No. 03 (De Anza Estates) (hereafter referred to as the “District”), and the levy and collection of assessments related thereto, pursuant to the provisions of the *Benefit Assessment Act of 1982, Chapter 6.4 of the California Government Code, beginning with Section 54703* (hereafter referred to as the “1982 Act”); and

WHEREAS, there has now been presented to this City Council the Report as specified by *Article 4 Section 54716* of said 1982 Act; and

WHEREAS, the City Council has carefully examined and reviewed the Report as presented, and is preliminarily satisfied with the District and the budget items and documents as set forth therein, and is satisfied that the proposed assessments have been spread in accordance with the special benefits received from the improvements, operation, administration, maintenance and services to be performed within the District, as set forth in said Report.

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Atascadero as follows:

SECTION 1. The preceding recitals are true and correct.

SECTION 2. That the Report as presented, consists of the following:

- a. A Description of Improvements.
- b. A Boundary Diagram of the District.
- c. The Method of Apportionment that details the method of calculating each parcel’s proportional special benefits and annual assessment.
- d. The proposed Budget (Costs and Expenses) and the duration and collection of assessments.
- e. The District Roll containing the Levy for each Assessor Parcel Number within the District for fiscal year 2018/2019.

SECTION 3. The Report is hereby approved on a preliminary basis, and ordered to be filed in the Office of the City Clerk as a permanent record and to remain open to public inspection.

SECTION 4. The Maximum Assessment described in the Report is hereby approved on a preliminary basis.

SECTION 5. The City Clerk shall certify to the passage and adoption of this Resolution, and the minutes of this meeting shall so reflect the presentation of the Report.

PASSED AND ADOPTED at a regular meeting of the City Council held on the ___th day of ____, 2018.

On motion by Council Member _____ and seconded by Council Member _____, the foregoing Resolution is hereby adopted in its entirety on the following roll call vote:

AYES:
NOES:
ABSENT:

CITY OF ATASCADERO

Tom O'Malley, Mayor

ATTEST:

Lara K. Christensen, City Clerk

APPROVED AS TO FORM:

Brian A. Pierik, City Attorney

DRAFT RESOLUTION C

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ATASCADERO, CALIFORNIA, DECLARING ITS INTENTION TO LEVY AND COLLECT ANNUAL ASSESSMENTS WITHIN ATASCADERO STREET AND STORM DRAIN MAINTENANCE DISTRICT NO. 03 (DE ANZA ESTATES) IN FISCAL YEAR 2018/2019, AND TO APPOINT A TIME AND PLACE FOR THE PUBLIC HEARING ON THESE MATTERS

The City Council of the City of Atascadero (hereafter referred to as “City Council”) hereby finds, determines, resolves and orders as follows:

WHEREAS, the City Council pursuant to the provisions of the *Benefit Assessment Act of 1982, Chapter 6.4 of the California Government Code, beginning with Section 54703* (hereafter referred to as the “1982 Act”) did by previous Resolution approve the levy and collection of annual assessments to pay for the operation, maintenance and servicing of public streets, drainage and flood control systems and appurtenant facilities related thereto for the assessment district designated as Atascadero Street and Storm Drain Maintenance District No. 03 (De Anza Estates) (hereafter referred to as the “District”); and

WHEREAS, the Engineer selected by the City Council has prepared and filed with the City Clerk a Report in connection with the proposed District, and the levy of assessments for Fiscal Year 2018/2019 (July 1, 2018 and ending June 30, 2019) in accordance with *Chapter 1, Article 4* of the 1982 Act and in accordance with the requirements of the *California Constitution, Articles XIII C and XIII D*, and the City Council did by previous Resolution preliminarily approve such Report.

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Atascadero as follows:

SECTION 1. The City Council hereby declares its intention to seek the annual levy of the District pursuant to the 1982 Act, over and including the land within the District boundary, and to levy and collect special benefit assessments on parcels of land within the District to pay for the costs and expenses associated with the operation, maintenance, repair and servicing of public streets, drainage and flood control systems and appurtenant facilities related thereto.

SECTION 2. The District improvements include the ongoing operation, administration, maintenance and servicing of the public streets, drainage and flood control systems and appurtenant facilities authorized pursuant to the 1982 Act that were installed as part of property development and associated with the District. Said improvements may include, but are not limited to pavement, curbs, sidewalks, hardscape, bridges, fencing, signage, drains, pipes, inlets, outlets, catch basins, drainage basins, manholes, and associated appurtenant facilities located within the public street right-of-ways and other public easements within the District, and dedicated to the City of Atascadero for such maintenance. The Engineer’s Report, as ordered by previous Resolution, provides a full and complete description of the improvements within the District.

SECTION 3. The proposed territory within Atascadero Street and Storm Drain Maintenance District No. 03 (De Anza Estates) consists of lots, parcels and subdivisions of land located in the development known as De Anza Estates Tract 2498.

SECTION 4. The proposed assessments for the District are outlined in the Engineer’s Report. The Report details the proposed assessments necessary to provide for the annual operation, administration, services and maintenance of the improvements described in Section 2 of this Resolution.

SECTION 5. Notice is hereby given that a Public Hearing on these matters will be held by the City Council on Tuesday, June 12, 2018 at 6:00 p.m. or as soon thereafter as feasible in the regular meeting chambers of the City Council located at 6500 Palma Avenue, Atascadero, California. At the Public Hearing, all interested persons shall be given an opportunity to hear and be heard on the proposed assessment to be levied for fiscal year 2018/2019 as contained in the Engineer’s Report on file in the City Clerk’s Office.

SECTION 6. The City Clerk shall give notice of the filing of the report and the time and place of the Public Hearing by publishing in a local newspaper one time at least 10 days prior to the Public Hearing.

PASSED AND ADOPTED at a regular meeting of the City Council held on the ___th day of ____, 2018.

On motion by Council Member _____ and seconded by Council Member _____, the foregoing Resolution is hereby adopted in its entirety on the following roll call vote:

AYES:
NOES:
ABSENT:

CITY OF ATASCADERO

Tom O’Malley, Mayor

ATTEST:

Lara K. Christensen, City Clerk

APPROVED AS TO FORM:

Brian A. Pierik, City Attorney

CITY OF ATASCADERO

Street and Storm Drain Maintenance District No. 03 (De Anza Estates)

2018/19 Annual Report

May 2018

OFFICE LOCATIONS:

Temecula – Corporate Headquarters
32605 Temecula Parkway, Suite 100
Temecula, CA 92592

San Francisco – Regional Office
870 Market Street, Suite 1223
San Francisco, CA 94102

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Atascadero, Davis
Huntington Beach,
Joshua Tree, Riverside
Sacramento, San Jose

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Prepared by:



CITY OF ATASCADERO
Street and Storm Drain Maintenance District No. 03
(De Anza Estates)

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CITY COUNCIL

Tom O'Malley, Mayor

Roberta Fonzi, Mayor Pro Tem

Charles Bourbeau, Council Member

Heather Moreno, Council Member

Brian Sturtevant, Council Member

AGENCY STAFF

Rachelle Rickard, City Manager

Jeri Rangel, Administrative Services Director

Cindy Chavez, Deputy Director of Administrative Services

NBS

Danielle Wood, Client Services Director

Adina McCargo, Senior Consultant

TABLE OF CONTENTS

- 1. Engineer’s Letter..... 1-1**
- 2. Executive Summary 2-1**
- 3. Plans and Specifications..... 3-1**
 - Benefiting Properties within the District 3-1
 - Funding Authorized by The 1982 Act 3-1
 - Description of Improvements and Services 3-1
- 4. Estimate of Costs 4-1**
- 5. Method of Assessment 5-1**
 - General..... 5-1
 - Benefit Analysis..... 5-1
 - Assessment Method 5-2
 - Assessment Range Formula 5-6
- 6. Assessment Diagram..... 6-1**
- 7. Assessment Roll..... 7-1**

1. ENGINEER’S LETTER

WHEREAS, on August 9, 2005 by Resolution No. 2005-071, the City Council of the City of Atascadero (the “City”), State of California, in accordance with and pursuant to the provisions of the Benefit Assessment Act of 1982, being Chapter 6.4 of the California Government Code, commencing with Section 54703 (hereafter referred to as the “1982 Act”), and in compliance with the substantive and procedural requirements of the California State Constitution Article XIID (hereafter referred to as the “California Constitution”), established the City of Atascadero Street and Storm Drain Maintenance District No. 03 (De Anza Estates) (the “District”); and

WHEREAS, on May 8, 2018, the City Council, under the 1982 Act, adopted its Resolution Initiating Proceedings for the Annual Levy of Assessments and Ordering the Preparation of an Engineer’s Report for the District; and

WHEREAS, the Resolution Initiating Proceedings directed NBS to prepare and file a report describing the general nature, location, and extent of the improvements to be maintained; an estimate of the costs of the maintenance, operations, and servicing of the improvements for the District for the referenced fiscal year; a diagram for the District, showing the area and properties to be assessed; and an assessment of the estimated costs of the administration, maintenance, operations, and servicing the improvements, assessing the net amount upon all assessable lots and/or parcels within the District in proportion to the special benefit received.

NOW THEREFORE, the assessments as detailed in this Engineer’s Report and as summarized in the table below are made to cover the portion of the estimated costs of maintenance, operation and servicing of the improvements to be paid by the assessable real property within the District in proportion to the special benefit received. The following table summarizes the proposed assessment for Fiscal Year 2018/19:

FY 2018/19 Summary of Assessment

| Description | Zone A - Amount | Zone B - Amount | Total Amount |
|---|-----------------|-----------------|-----------------|
| Estimated Annual Costs | \$6,310 | \$15,290 | \$21,600 |
| Capital Reserve Collection/(Uses) | 8,284 | 10,658 | 18,942 |
| Levy Adjustments | (1,751) | (8,229) | (9,980) |
| Balance to Levy | \$12,843 | \$17,719 | \$30,562 |
| Fiscal Year 2018/19 Maximum Rate | \$734.29 | \$907.82 | |
| Fiscal Year 2018/19 Proposed Applied Rate | \$342.48 | \$681.49 | |

Rates above are per Equivalent Benefit Unit.

I, the undersigned, respectfully submit the enclosed Engineer’s Report and, to the best of my knowledge, information, and belief, the Engineer’s Report, Assessments, and the Assessment Diagram herein have been prepared, computed, and levied in accordance with the assessment methodology adopted, approved, and ordered by the City Council of the City of Atascadero and the 1982 Act.

 City Engineer

2. EXECUTIVE SUMMARY

Pursuant to the provisions of the *Benefit Assessment Act of 1982, being Chapter 6.4 of the California Government Code, commencing with Section 54703* (hereafter referred to as the “1982 Act”), and in compliance with the substantive and procedural requirements of the *California State Constitution Article XIID* (hereafter referred to as the “California Constitution”), the City Council of the City of Atascadero, County of San Luis Obispo, State of California (hereafter referred to as “City”), proposed to form and levy special benefit assessments for the district designated as:

Street and Storm Drain Maintenance District No. 03 (De Anza Estates)

(hereafter referred to as the “District”), which includes the lots and parcels of land within the residential subdivision known as De Anza Estates, Tract 2498 within the City limits of the City. This Engineer’s Report (hereafter referred to as the “Report”) has been prepared in connection with the levy and collection of annual assessments related thereto for fiscal year 2018/19.

The City Council formed the District, and provided for the levy and collection of annual assessments on the County tax rolls to provide ongoing funding for the costs and expenses required to service and maintain the street and storm drain improvements and facilities associated with and resulting from the development of properties within the District. The improvements to be provided by the District and the assessments described herein are made pursuant to the 1982 Act and the substantive and procedural provisions of the California Constitution.

This Report describes the District, the improvements, and the proposed assessments to be levied against properties in connection with the special benefits the properties will receive from the maintenance and servicing of the District improvements and facilities. The annual assessments described herein will provide a funding source for the continued operation and maintenance of streets, storm drain system and appurtenant facilities installed in connection with the development of properties within the District.

The improvements and assessments described in this Report are based on the development of properties within the District and represent an estimate of the direct expenditures, incidental expenses, and fund balances that will be necessary to maintain and service the streets and storm drain system that provides special benefits to properties within the District. The structure of the District (organization), the improvements, the method of apportionment, and assessments described herein are based on current development plans and specifications for Tract 2498; and by reference these plans and specifications are made part of this Report.

The word “parcel,” for the purposes of this Report, refers to an individual property assigned its own Assessor’s Parcel Number (APN) by the San Luis Obispo County Assessor’s Office. The San Luis Obispo County Auditor/Controller uses Assessor’s Parcel Numbers and specific Fund Numbers to identify properties to be assessed on the tax roll for the special benefit assessments.

As part of this District’s formation, the City conducted a Property Owner Protest Ballot proceeding for the proposed levy of a new assessment pursuant to the provisions of the *California Constitution, Article XIID Section 4*. In conjunction with this ballot proceeding, the City Council conducted a noticed public hearing to consider public testimonies, comments and written protests regarding the formation of the District and levy of assessments. Upon conclusion of the public hearing, property owner protest ballots received were opened and tabulated to determine whether majority protest existed (ballots were weighted based on assessment amounts), and by resolution the City Council confirmed the results of the ballot tabulation.

The tabulation of the ballots indicated that majority protest did not exist for the proposed assessments and the assessment range formula presented and described herein; therefore, the City Council approved the Report (as submitted or amended), ordered the formation of the District, and approved the levy and collection of assessments. The assessments for fiscal year 2005/2006 were submitted to the San Luis Obispo County Auditor/Controller for inclusion on the property tax roll for each parcel.

Each subsequent fiscal year, a Report shall be prepared and presented to the City Council describing any changes to the improvements, proposed services, the annual budget or assessments for that fiscal year and the City Council may hold a noticed public hearing regarding these matters prior to approving and ordering the proposed levy of assessments. If the proposed assessments for the District exceed the maximum assessment described herein (as approved by the property owners), the new or increased assessment must be confirmed through another property owner protest ballot proceeding before such an assessment may be imposed. It should be noted that an increased assessment to an individual property resulting from changes in development or land use does not constitute an increased assessment.

3. PLANS AND SPECIFICATIONS

Benefiting Properties within the District

The territory within the District consists of the lots, parcels and subdivisions of land within the proposed residential subdivision known as the De Anza Estates, Tract 2498, which encompasses an area of land totaling approximately seventy-six acres (75.76 acres).

This subdivision includes twenty-six (26) Single-Family Residential Units and sixty (60) Modified Housing/Senior Housing Units. The subdivision is situated in the northern portion of the City of Atascadero northeast of Highway 101 and is generally located:

-) At the North end of El Camino Real;
-) North and East of U.S. HWY 101; and,
-) South and West of the Salinas River.

Funding Authorized by The 1982 Act

As generally defined by the Benefit Assessment Act of 1982 and applicable to this District, the City may impose a benefit assessment to finance the maintenance and operation costs of the following services:

- 1) Drainage and Flood Control;
- 2) Streets and Roads.

In addition to imposing a benefit assessment for the annual maintenance and operation of the District improvements, the City may also authorize an assessment or utilize existing assessment revenues to finance the installation, construction or replacement of drainage and flood control facilities as well as the street and road improvements (with some limitations). While such activities are permitted under the 1982 Act, the budget and assessments for this District only provide for normal maintenance and operation of the improvements. Since most major rehabilitation/construction projects result from unforeseen damages, the extent and cost of such projects are not easily predicted and to accumulate funds as part of the normal annual assessments would not be reasonable. If such funding becomes necessary, the City may present a new or increased assessment to the property owners to support the projects.

Description of Improvements and Services

The purpose of this District is to fund the activities necessary to maintain and service the local streets and the drainage and flood control systems constructed and installed in connection with development of properties within the residential subdivision known as (De Anza Estates), Tract 2498 pursuant to approved development plans and agreements. The improvements may consist of all or a portion of the public streets, drainage and flood control facilities associated with Tract 2498 and the maintenance of these improvements may include but are not limited to the materials, equipment, labor, and incidental expenses deemed necessary to keep these improvements in satisfactory condition. The maintenance of the improvements and related activities shall be funded entirely or partially through the District assessments. The District improvements and services are generally described as:

-) Street maintenance that may include but is not limited to the repair and servicing of street surfaces, curbs, gutters, bridges, driveway approaches, sidewalks, barricades, delineation, signage or other facilities within the public street right-of-ways installed in connection with the development of properties in Tract 2498 and that have been dedicated to the City;
-) Storm drain and flood control maintenance that may include but is not limited to inspection, repair and servicing of drainage basins, inlets, catch basins, manholes, outlets, drywells, pumps, filters and storm drain pipes installed in connection with the development of properties of Tract 2498 as well as any off-site improvements and facilities directly associated with the aforementioned infrastructure that is deemed necessary to service or protect the properties including waste water treatment;
-) The appurtenant, equipment, materials and service contracts related to the aforementioned improvements and facilities;
-) Specifically excluded are those improvements or facilities: located on private property or common areas; that may be provided or maintained by an agency other than the City; that may be provided by another assessment or tax levied by the City; or that may be provided and maintained by a Homeowner's Association or similar entity.

Detailed maps and descriptions of the location and extent of the specific improvements to be maintained by the District are on file in the Office of Public Works and by reference are made part of this Report. Those portions of the District improvements that may be identified as general benefit or will be funded in whole or in part by other revenue sources as part of the approved development agreements, will not be included as part of the District assessments. The net annual cost to provide and maintain the improvements determined to be of special benefit shall be allocated to each property in proportion to the special benefits received.

Street Maintenance

The street maintenance program may include, but is not limited to: the repair of potholes, cracks or other failures in the asphalt surface; repair or replacement of curbs, gutters, driveway approaches and sidewalks as required as part of maintaining the streets; repair or installation of street signs, barricades, fencing or other delineation; mechanized sweeping and cleaning of the streets and gutters; slurry sealing, overlays and re-striping of the street surfaces. The specific activities and timing of various street and road maintenance services shall be determined by the City's Public Works Department as necessary to extend the life of the streets or to improve traffic circulation and safety as available funding permits. Specifically the street improvements for this District are identified as:

-) Approximately 66,000 square feet of asphalt street surface located on the interior streets of the development identified as El Camino Real north of the Upper Bridge Crossing; Ferrocarril Road from the Graves Creek Bridge northeast to the end of Tract 2498; and De Anza Court.
-) Approximately 5,700 linear feet of curb and gutter along El Camino Real, Ferrocarril Road, and De Anza Court, 26 driveway approaches and various street signs within the District;
-) Two bridges identified as the Upper Bridge Crossing (located on El Camino Real at the entryway to the tract) and the Graves Creek Bridge (located on Ferrocarril Road located at the entryway to the senior housing development);
-) Specifically not included as part of the street maintenance program are the costs associated with major replacements or reconstruction. Although the District assessments will provide funding for regular maintenance and servicing of the improvements that will extend the useful life of the street improvements, the assessments are not intended to fund major replacements or reconstruction of the street surfaces or adjacent improvements such as curbs, gutters or driveway approaches. The costs of extensive replacement or reconstruction activities such as grinding and resurfacing of the asphalt;

and replacement of curbs, gutters driveway approaches and sidewalks is significantly more than the amount that can reasonably be collected annually under the provisions of the 1982 Act. When such repairs or activities are deemed necessary, the City will consider various financing options including new or increased assessments for property owner approval. Also not included as part of the street maintenance program are the street improvements within the senior housing development (street improvements southwest of the Graves Creek Bridge). The street improvements and facilities within the senior housing development shall be maintained and funded through a Homeowner's Association or similar entity.

The Public Works Department shall authorize the operational activities and maintenance of the public street and right-of-way improvements, facilities and services that may include, but are not limited to:

-) Regular street sweeping services necessary to control dirt and debris on street surfaces and gutters;
-) Annual inspection of street surface and repair of potholes and surface cracks as needed;
-) Periodic slurry or overly of street surfaces and driveway approaches (typically one or the other once every five years);
-) Periodic re-striping of traffic lanes, bike lanes, street parking areas, crosswalks and intersections (typically in conjunction with slurry or overly activities);
-) Graffiti abatement of public improvements within the street right-of-ways that are maintained by the District including but not limited to sandblasting, repainting and repair of fences, walls, barricades, sidewalks and signage as needed;
-) Annual inspection and periodic repair or replacement of decorative street- pavers as needed;
 - Annual inspection and minor repairs of curbs, gutters, driveway approaches and sidewalks including partial segment replacements as needed to ensure pedestrian and vehicle safety or the integrity of the street;
-) Annual inspection and periodic repair or rehabilitation of street signs and traffic control devices;
-) Annual inspection and repair of barricades, street-fencing, delineation or retaining walls within the street right-of-ways as needed.

A portion of the services described above are not performed on an annual basis but rather on a periodic basis, such as slurry sealing or overlaying the asphalt streets, and the funds necessary for these activities are collected in installments as part of the annual assessments. The monies collected each year for these services will be accumulated in a special fund of the District (Reserve Fund or Capital Improvement Fund). The monies accumulated for these activities shall be spent when sufficient funds have been accumulated to perform the services deemed necessary by the City (approximately every five years). This process of accumulating funds (installments) shall continue until such time the District is dissolved; or the City determines that such funding procedures require modification. Changes in the process of accumulating funds that would result in an increase to the annual assessment rate must be presented to the property owners for approval prior to imposing such an increase.

Storm Drain and Flood Control Maintenance

The storm drain and flood control system associated with the District may include but is not limited to: drainage basins and bio-filters; channel ways; storm drain inlets, catch basins, manholes, outlets; drywells, pumps, filters and pipes. The storm drain system to be maintained primarily involves on-site facilities (within the District boundaries) but may also include off-site improvements such as water treatment equipment, facilities or services mandated or required by Federal, State or County regulations for water pollution control. The annual assessments for this District are intended to support a storm drain and flood control

maintenance program that will adequately regulate and control storm water runoff resulting from the development of properties within the District. This maintenance program may include but is not limited to: inspection and documentation of the system; cleaning, servicing or repair of the facilities and equipment; and the partial replacement or rehabilitation of equipment and facilities. The storm drain and flood control system includes but is not limited to:

-) A single drainage basin of approximately 9,000 square feet;
-) A total of approximately three (3) inlets, catch basins, manholes or outlets located within the single-family residential portion of Tract 2498;
-) Approximately 200 linear feet of 24 inch storm drain pipe.

The Public Works Department shall authorize and schedule the operational activities and maintenance of the storm drain and storm water pollution treatment infrastructure, facilities and services that may include, but are not limited to:

-) Cleaning of storm drain inlets, catch basins, manholes and pipes as needed;
-) Stencil maintenance and documentation of facilities as required by Federal, State or County regulations;
-) Cleaning and landscape maintenance of the drainage basins, bio-filter areas or channel ways as needed;
-) Debris removal and pest control in and around the storm drain facilities as needed;
-) Minor repairs and maintenance of the storm drain inlets, catch basins and outlets as needed;
-) Street sweeping services necessary to control debris and water flow for the storm drain system; and,
-) The operational costs related to NPDES compliance requirements.

A portion of the services described above are not performed on an annual basis but rather on a periodic basis such as minor repairs to the storm drain inlets, catch basins and outlets, and the funds necessary for these activities are collected in installments as part of the annual assessments. The monies collected each year for these services will be accumulated in a special fund of the District (Reserve Fund or Capital Improvement Fund). The monies accumulated for these activities shall be spent as needed to perform the services deemed necessary by the City. This process of accumulating funds (installments) shall continue until such time the District is dissolved; or the City determines that such funding procedures require modification. Changes in the process of accumulating funds that would result in an increase to the annual assessment rate must be presented to the property owners for approval prior to imposing such an increase.

4. ESTIMATE OF COSTS

| BUDGET | FY 2018/19 | | |
|--|----------------------------|----------------------------|------------------|
| | Zone A (Senior Housing) | Zone B (SF-Residential) | Total Assessed |
| DIRECT COSTS | | | |
| Street, Roads & Storm Drain Improvements | | | |
| Drainage Maintenance Services | \$0 | \$7,100 | \$7,100 |
| Street Sweeping Services | 640 | 960 | 1,600 |
| Inspection & Operational Services- Roads, Drainage | 3,120 | 4,680 | 7,800 |
| Inspection & Operational Services- Bridges | 0 | 0 | 0 |
| Total Annual Direct Costs | \$3,760 | \$12,740 | \$16,500 |
| ADMINISTRATION EXPENSES | | | |
| City Annual Administration | \$800 | \$800 | \$1,600 |
| Engineer's Report & Services | 1,600 | 1,600 | 3,200 |
| Public Noticing | 150 | 150 | 300 |
| Total Annual Administration Costs | \$2,550 | \$2,550 | \$5,100 |
| Capital Improvement Project: Slurry Seal | 0 | 0 | 0 |
| TOTAL DIRECT & ADMINISTRATION COSTS | \$6,310 | \$15,290 | \$21,600 |
| CAPITAL RESERVE COLLECTIONS/(USES) | | | |
| Collection for Street Surface Activities | \$5,649 | \$8,474 | \$14,123 |
| Collection for Street Re-striping | 35 | 54 | 89 |
| Collection for Repair Activities: Curbs, Gutters, Approaches & Sidewalks | 120 | 179 | 299 |
| Collection for Debris Removal | 0 | 317 | 317 |
| Collection for Bridges | 2,480 | 1,520 | 4,000 |
| Collection for Storm Drain Infrastructure | 0 | 114 | 114 |
| Total Annual Capital Reserve Collections/(Uses) | \$8,284 | \$10,658 | \$18,942 |
| LEVY ADJUSTMENTS | | | |
| Interest Income - Improvement Fund | (\$1,677) | (\$2,135) | (\$3,812) |
| Interest Income - Operating Reserve Fund | (\$74) | (\$94) | (\$168) |
| Improvement Fund (Use) | (\$0) | (\$6,000) | (\$6,000) |
| Operating Reserve Fund Collection (Use) | 0 | 0 | 0 |
| Total Levy Adjustments | (\$1,751) | (\$8,229) | (\$9,980) |
| BALANCE TO LEVY | \$12,843 | \$17,719 | \$30,562 |
| DISTRICT STATISTICS | | | |
| Total Parcels | 61 | 28 | |
| Parcels Levied | 60 | 26 | |
| Total EBU | 37.5 | 26 | |
| Levy per EBU ⁽¹⁾ | \$342.48 | \$681.49 | |
| Maximum Levy per EBU | \$734.29 | \$907.82 | |
| FUND BALANCE INFORMATION | | | |
| Beginning Operating Reserve Balance | \$5,573 | \$4,502 | \$10,075 |
| Operational Reserve Interest | \$74 | \$94 | \$168 |
| Use of Operational Reserve Interest | (\$74) | (\$94) | (\$168) |
| Operational Reserve Collection (Use) | 0 | 0 | 0 |
| Ending Operating Reserve Balance | \$5,573 | \$4,502 | \$10,075 |
| Beginning Improvement Fund Balance | \$135,261 | \$182,154 | \$317,415 |
| Improvement Fund Interest | \$1,677 | \$2,135 | 3,812 |
| Use of Improvement Fund Interest | (\$1,677) | (\$2,135) | (3,812) |
| Improvement Fund Collection (Use) | 0 | (6,000) | (6,000) |
| Ending Improvement Fund Balance | \$135,261 | \$176,154 | \$311,415 |

(1) Levy per EBU rate does not include the County of San Luis Obispo fee of \$2.00 per parcel

5. METHOD OF ASSESSMENT

General

The 1982 Act permits the establishment of assessment districts by agencies for the purpose of providing for the maintenance, operation and servicing of drainage and flood control improvements as well as streets, roads and appurtenant facilities. The 1982 Act further requires that the cost of these improvements be levied according to benefit rather than assessed value:

“The amount of the assessment imposed on any parcel of property shall be related to the benefit to the parcel which will be derived from the provision of the service”.

Furthermore:

“The annual aggregate amount of the assessment shall not exceed the estimated annual cost of providing the service, except that the legislative body may, by resolution, determine that the estimated cost of work authorized ... is greater than can be conveniently raised from a single annual assessment and order that the estimated cost shall be raised by an assessment levied and collected in installments.... The revenue derived from the assessment shall not be used to pay the cost of any service other than the service for which the assessment was levied.”

The method of apportionment described in this Report for allocation of special benefit assessments utilizes commonly accepted engineering practices in compliance with the provisions of the 1982 Act and the California Constitution. The formulas used for calculating assessments reflects the composition of parcels within the District and the improvements and services provided, to fairly apportion the costs based on the special benefits to each parcel.

Benefit Analysis

Each of the proposed improvements and services, and the associated costs and assessments have been carefully reviewed, identified and allocated based on special benefit pursuant to the provisions of the 1982 Act and the California Constitution. The street and storm drain improvements associated with this District were necessary and essential requirements for the orderly development of the properties within the District to their full potential, consistent with the development plans and applicable portions of the City General Plan. As such the ongoing operation, servicing and maintenance of those improvements would otherwise be the direct financial obligation of each individual property owner. Since each parcel to be assessed within the District could not have been developed in the absence of these improvements and facilities, each parcel has a direct investment in the proper maintenance of the improvements that is over and above any general benefits that may be conferred by such improvements and services.

The ongoing maintenance and servicing of the District improvements is an integral part of the appearance, use and preservation of the properties within the District and such services to be funded by annual assessments confer a particular and distinct special benefit to those parcels. The proper maintenance of streets and appurtenant facilities allows individual parcels to be used to their fullest extent by ensuring the safe and efficient movement of people and goods to and from the benefiting properties Likewise, the maintenance and servicing of the storm drain system ensures proper water flow and control of excess water during periods of rain, which is essential to preservation and protection of private property. Together the maintenance and servicing of the streets and storm drain system contributes to a specific enhancement of each of the parcels within the District and the absence of adequate maintenance and servicing of the District improvements could

eventually have a negative impact on properties within the District.

Although the improvements may include public streets and storm drain facilities that connect to similar facilities outside the District boundaries, it is clear that the construction and installation of these improvements were only necessary for the development of properties within the District. As such, these improvements were not required nor necessarily desired by any properties or developments outside the District boundary and any public access or use of the improvements by others is incidental. Therefore, it has been determined that the ongoing maintenance, servicing and operation of the District improvements provide no measurable general benefit to properties outside the District or to the public at large, but clearly provide distinct and special benefits to properties within the District. Any improvement or portion thereof (particularly off-site storm drain facilities) that may be considered general benefit shall be funded by other revenue sources and not included as part of the special benefit assessments allocated to properties within this District. However, the costs associated with installation or improvement of any off-site facilities that benefit the parcels within this District as well as other properties (shared benefit) may be allocated to the parcels within the District based on their proportional special benefit from such improvements.

Assessment Methodology

The costs associated with the improvements and services shall be fairly distributed among the parcels based upon the special benefit received by each parcel. Additionally, in compliance with the California Constitution Article XIID Section 4, each parcel's assessment may not exceed the reasonable cost of the proportional special benefit conferred to that parcel. The benefit formula used to determine the assessment obligation is therefore based upon both the improvements that benefit the parcels within the District as well as the proposed land use of each property as compared to other parcels that benefit from those specific improvements.

The method of apportionment established for this District and described herein, reflects the proportional special benefit each property receives from the improvements and services based on the actual or proposed land use of that parcel as compared to other properties within the District based on similarities and differences in parcel land use.

Zones of Benefit:

While it has been determined that the improvements to be maintained by the District are entirely a special benefit to properties within the District (No measurable general benefit), upon review of the various improvements, the location and need for such improvements and the proposed development of properties within the District it has been determined that the improvements and services that will benefit the single-family residential properties are not identical to the improvements and services that will benefit the senior housing development, although they do share in the benefit of some of the improvements. Therefore, it has been determined that two separate zones of benefit are required to appropriately allocate the costs of maintaining the improvements and establish proportional special benefit assessments. The properties associated with the senior housing development have been identified and designated as "Zone A", and the single-family residential properties within Tract 2498 have been identified and designated as "Zone B" based on the improvements associated with those properties.

- (1) Zone A (Senior Housing Portion of Tract 2489)** — It has been determined that these properties benefit and shall proportionately share in the costs associated with maintaining and servicing the Upper Bridge Crossing, El Camino Real and the western portion of Ferrocarril Road leading into these properties. It has also been determined that the construction of the Graves Creek Bridge was only necessary for the development of these properties and therefore the cost to service and maintain this facility shall be entirely allocated to these properties. Conversely, the storm drain improvements that will be maintained by the City within Tract 2498 have been constructed as part

of developing the twenty-six single-family residential properties and it has been determined that the senior housing properties do not receive direct and special benefit from those particular improvements. While these properties will not be assessed for the storm drain improvements, it should be noted that some storm drain facilities will be constructed as part of the senior housing development; however these improvements are not included in this District and will be provided and maintained by a Homeowner's Association or similar entity.

- (2) Zone B (Single-Family Residential Portion of Tract 2498)** — Along with the properties in Zone A, the single-family residential properties within Tract 2498 benefit and shall proportionately share in the costs associated with maintaining and servicing the Upper Bridge Crossing and El Camino Real. In addition, the overall development of these particular properties required the construction and installation of the street improvements on Ferrocarril Road and De Anza Court as well as the entire storm drain system to be maintained by the District. Therefore the cost of maintaining and servicing these particular improvements shall be budgeted and allocated proportionately to only those properties in Zone B. Conversely, the construction of the Graves Creek Bridge was only necessary for the development of the senior housing and the properties within Zone B will not share in the cost of maintaining this particular facility.

Equivalent Benefit Units:

To assess benefits equitably it is necessary to relate each property's proportional special benefits to the special benefits of the other properties within the District. The method of apportionment established for most districts formed under the 1982 Act utilizes a weighted method of apportionment known as an Equivalent Benefit Unit (EBU) methodology that uses the single-family home site as the basic unit of assessment. A single-family home site equals one Equivalent Benefit Unit (EBU) and the other land uses are converted to a weighted EBU based on an assessment formula that equates the property's specific development status, type of development (land use), and size of the property, as compared to a single-family home site.

Although the Equivalent Benefit Unit method of apportioning special benefit is most commonly used and applied to districts that have a wide range of land use classifications (residential and non-residential use), this District is comprised of only residential properties and the following apportionment analysis of special benefit addresses only residential land uses. Not all land use types described in the following are necessarily applicable to the development of properties within this District, but are presented for comparison purposes to support the proportional special benefit applied to those land use types within the District.

EBU Application by Land Use:

- (1) Single-family Residential** — This land use is defined as a fully subdivided residential home site with or without a structure. This land use is assessed 1.0 EBU per lot or parcel. This is the base value that the other properties are compared and weighted against (i.e. Equivalent Benefit Unit "EBU").
- (2) Multi-family Residential** — This land use is defined as a fully subdivided residential parcel that has more than one residential unit developed on the property. (This land use typically includes apartments, duplexes, triplex etc., but does not generally include condominiums, town-homes or mobilehome parks). Based on average population densities and size of the structure as compared to a typical single-family residential unit, multi-family residential parcels shall be proportionately assessed for the parcel's total number of residential units utilizing a sliding benefit scale. Although multi-family properties typically receive similar benefits to that of a single-family residential, it would not be reasonable to conclude that on a per unit basis, the benefits are equal. Studies have consistently shown that the average multi-family unit impacts infrastructure approximately 75% as much as a single-family residence (Sample Sources: Institute of Transportation Engineers Informational Report Trip Generation, Fifth Edition; Metcalf and Eddy, Wastewater Engineering

Treatment, Disposal, Reuse, Third Edition). These various studies indicate that most public improvements and infrastructure are utilized and impacted at reduced levels by multi-family residential units and a similar reduction in proportional benefit is appropriate. Furthermore, it is also reasonable to conclude that as the density (number of units) increases, the proportional benefit per unit tends to decline because the unit size and people per unit usually decreases. Based on these considerations and the improvements provided by this District, an appropriate allocation of special benefit for multi-family residential properties as compared to a single-family residential property is best represented by the following special benefit assignment: 0.75 EBU per unit for the first 50 units; 0.50 EBU per unit for units 51 through 100; and 0.25 EBU per unit for the remaining units.

- (3) Condominium/Town-home Units** — Condominiums and town-homes tend to share attributes of both single-family residential and multi-family residential properties and for this reason are identified as a separate land use classification. Like most single-family residential properties, these properties are not usually considered rental property and generally, the County assigns each unit a separate APN or assessment number. However, condominiums and town-homes often have similarities to multi-family residential properties in that they are generally zoned medium to high density and in some cases may involve multiple units on a single APN. In consideration of these factors it has been determined that an appropriate allocation of special benefit for condominiums, town-homes and similar residential properties is best represented by an assignment of 0.75 EBU per unit regardless of whether each unit is assigned an individual APN or there are multiple units assigned to an APN. (There is no adjustment for parcels with more than five units).
- (4) Modified Housing/Senior Housing Units** — Modified Housing or Senior Housing is generally defined as residential units that would typically be classified as Condominiums or Town-homes, but have specific deed restrictions that may limit the size or use of all units within the development. This classification is not applicable to individual single-family residential parcels unless all single-family residential parcels within that particular development or subdivision have the same restrictions. (For example: One or more single-family units within a subdivision that are deed restricted as “Affordable Housing” or “Senior Housing” does not qualify for this land use classification, unless all the units within that development have the same or similar deed restrictions.) Since this classification generally involves Condominium or Town-home type properties, that are generally assigned 0.75 EBU, it has been determined that an appropriate allocation of special benefit for modified housing units or senior housing units is best represented by an assignment of 0.625 EBU per unit regardless of whether each unit is assigned an individual APN or there are multiple units assigned to a single APN.
- (5) Planned-Residential Development** — This land use is defined as any property for which a tentative or final tract map has been filed and approved (a specific number of residential lots and units has been identified) and the property is expected to be subdivided within the fiscal year or is part of the overall improvement and development plan for the District. This land use classification often times involves more than a single parcel (e.g. the approved tract map encompasses more than a single APN). Each parcel that is part of the approved tract map shall be assessed proportionately for the proposed or estimated residential type and units to be developed on that parcel as part of the approved tract map. Accordingly, each parcel is assigned an appropriate number of benefit units that reflects the development of that property at build-out. (The EBU assigned to each parcel shall represent the combination of single-family, condominium, multi-family units to be developed).
- (6) Vacant Residential** — This land use is defined as property currently zoned for residential development, but a tentative or final tract map for the property has not yet been approved. Based upon the opinions of professional appraisers who appraise market property values for real estate in California, the land value portion of a property typically ranges from 20 to 30 percent of the

total value of a developed residential property (the average is about 25 percent). Although the assessed value of an individual property is not a direct reflection of the property's special benefit, this general correlation between land value and structure value does provide a reasonable basis for apportioning special benefit for vacant residential properties. Utilizing this twenty-five percent (25%) apportionment and the number of single-family residential units typically developed per acre of land (an average of 4 residential units per acre) an Equivalent Benefit Unit of 1.0 EBU per acre (4 units per acre x 25%) is derived and presents an appropriate apportionment of special benefit for vacant residential properties. Recognizing that the full and timely utilization of vacant property is reduced as the size of the property increases, it has been determined that the maximum EBU assigned to a vacant residential parcel shall not exceed 25.0 EBU (parcels in excess of 25 acres are assigned 25.0 EBU). Parcels less than one acre, shall be assigned a minimum of 1.0 EBU (similar to a vacant lot within a residential tract).

(7) Exempt Parcels — This land use identifies properties that are not assessed and are assigned 0.0 EBU. This land use classification may include but is not limited to:

- J Lots or parcels identified as public streets and other roadways (typically not assigned an APN by the County);
- J Dedicated public easements including open space areas, utility rights-of-way, greenbelts, parkways, parks or other publicly owned properties that are part of the District improvements or may provide other benefits to private properties within the District.;
- J Private properties that cannot be developed independently from an adjacent property, such as common areas, sliver parcels or bifurcated lots or properties with very restrictive development use;

These types of parcels are considered to receive little or no benefit from the improvements and are therefore exempted from assessment, but shall be reviewed annually by the assessment engineer to confirm the parcels current development status. Government owned properties or public properties are not necessarily exempt properties and shall be subject to special benefit assessment unless it qualifies for an exempt status.

(8) Special Cases — In many districts where multiple land use classifications are involved, there are usually one or more properties for which the standard land use classifications do not accurately identify the special benefits received from the improvements. For example, a parcel may be identified as a Vacant Residential property, however only a small percentage of the parcel's total acreage can actually be developed. In this case, an appropriate calculation would be based on the net acreage that can be utilized rather than the gross acreage of the parcel.

The following table provides a summary of land use classifications and the Equivalent Benefit Unit calculations previously outlined.

| Property Type | Equivalent Benefit Units | Multiplier |
|---------------------------------|--------------------------|----------------------------------|
| Single-family Residential | 1.00 | Per Unit/Lot/Parcel |
| Multi-family Residential | 0.75 | Per Unit for the First 50 Units |
| | 0.50 | Per Unit for Units 51-100 |
| | 0.25 | Per Unit for all Remaining Units |
| Condominium/Townhome Units | 0.75 | Per Unit |
| Planned Residential Development | 1.00 | Per Planned SF Residential Lot |
| | 0.75 | Per Planned Condominium |
| | 0.75 | Per Unit for the First 50 Units |
| | 0.50 | Per Unit for Units 51-100 |
| | 0.25 | Per Unit for all Remaining Units |
| Vacant Residential Land | 1.00 | Per Acre |
| Exempt Parcels | 0.00 | Per Parcel |

The following formula is used to calculate each parcel’s EBU (proportional benefit).

$$\text{Parcel Type EBU} \times \text{Acres or Units} = \text{Parcel EBU}$$

The total number of Equivalent Benefit Units (EBU’s) is the sum of the individual EBU's applied to parcels that receive special benefit from the improvements. An assessment amount per EBU (Assessment Rate) for the improvements is established by taking the total cost of the improvements and dividing that amount by the total number of EBU’s of the parcels benefiting from the improvements. This Rate is then applied back to each parcel’s individual EBU to determine the parcel’s proportionate benefit and assessment obligation for the improvements.

$$\text{Total Balance to Levy} / \text{Total EBU} = \text{Levy per EBU}$$

$$\text{Levy per EBU} \times \text{Parcel EBU} = \text{Parcel Levy Amount}$$

Assessment Range Formula

Any new or increased assessment requires certain noticing and meeting requirements by law. Prior to the passage of Proposition 218 (California Constitution Articles XIIC and XIID), legislative changes in the Brown Act defined a "new or increased assessment" to exclude certain conditions. These conditions included "any assessment that does not exceed an assessment formula or range of assessments previously adopted by the agency or approved by the voters in the area where the assessment is imposed." This definition and conditions were later confirmed through Senate Bill 919 (Proposition 218 implementing legislation).

The purpose of establishing an Assessment Range Formula is to provide for reasonable increases and inflationary adjustment to annual assessments without requiring costly noticing and mailing procedures, which could add to the District costs and assessments. As part of the District formation, the notice and assessment ballots presented to the property owners for approval included a maximum assessment amount for fiscal year 2005/2006 (initial maximum assessment), identification of the corresponding maximum assessment rate and a

summary of the Assessment Range Formula described herein.

The Assessment Range Formula for this District shall be applied to the future assessments and is generally defined:

-) If the proposed annual assessment (levy per EBU) for the upcoming fiscal year is less than or equal to the adjusted Maximum Assessment Rate, then the proposed annual assessment is not considered an increased assessment.
-) The Maximum Assessment Rate is equal to the (Initial) Maximum Assessment Rate established for fiscal year 2005/2006 adjusted annually by the greater of, three percent (3%) or the annual percentage change in the Consumer Price Index (CPI) of "All Urban Consumers" for the San Francisco-Oakland-San Jose Area from February to February. In January 2018, BLS introduced a new geographic area sample for the CPI. As part of the change the index for this area was renamed from San Francisco-Oakland-San Jose to San Francisco-Oakland-Hayward. The metropolitan area is comprised of Alameda, Contra Costa, Marin, San Francisco, San Mateo Counties in the State of California. This CPI will be used going forward.

Beginning with fiscal year 2006/2007 and each fiscal year thereafter, the Maximum Assessment Rate has been recalculated and a new Maximum Assessment Rate established for the fiscal year utilizing the Assessment Range Formula described above. The Maximum Assessment Rate is calculated independent of the District's annual budget and proposed assessment. The annual percentage change in CPI is based on available data provided by the U.S. Department of Labor; Bureau of Labor Statistics at the time the annual Report is prepared. Should the Bureau of Labor Statistics revise such index or discontinue the preparation of such index, the City shall use the revised index or comparable system as approved by the City Council for determining fluctuations in the cost of living. In January 2018, BLS introduced a new geographic area sample for the CPI. As part of the change the index for this area was renamed from San Francisco-Oakland-San Jose to San Francisco-Oakland-Hayward. The metropolitan area is comprised of Alameda, Contra Costa, Marin, San Francisco, San Mateo Counties in the State of California. This CPI will be used going forward.

Any proposed annual assessment (rate per EBU) less than or equal to the calculated (adjusted) Maximum Assessment Rate is not considered an increased assessment, even if the proposed assessment is significantly greater than the assessment applied in the prior fiscal year. Likewise, modifications to the method of apportionment that increase the proportional special benefit assigned to a particular land use classification would be considered an increased assessment. Conversely, reductions in the proportional special benefit assigned to a land use classifications is permitted. Changes in land use or size of an individual property resulting in an assessment increase, is not considered an increased assessment.

To impose a new or increased assessment other than the annual inflationary adjustment provided by the preceding Assessment Range Formula, the City must comply with the provisions of the California Constitution Article XIID Section 4c, that requires a public hearing and certain protest procedures including mailed notice of the public hearing and property owner protest balloting. Property owners through the balloting process must approve a proposed new or increased assessment before such an assessment may be imposed.

6. ASSESSMENT DIAGRAM

The parcels within the Street and Storm Drain Maintenance District No. 03 (De Anza Estates) consist of the lots, parcels and subdivisions of land located in the residential development known as De Anza Estates, Tract 2498. The District covers approximately seventy-six acres (75.79 acres) in the northern portion of the City of Atascadero.

The following map is based on the District Diagram, the San Luis Obispo County Assessor's Maps and the San Luis Obispo County Assessor's information and identifies the parcels of land within the proposed District, as the same existed at the time the District was formed. The combination of the District Diagram on file with the City Clerk and the Assessment Roll contained in this Report constitute the District Assessment Diagram.

7. ASSESSMENT ROLL

Parcel identification for each lot or parcel within the District is based on the Assessment Diagram presented herein and is based on available parcel maps and property data from the San Luis Obispo County Assessor's Office at the time the Engineer's Report was prepared. A listing of the proposed lots and parcels to be assessed within this District along with the assessment amounts is provided herein.

Non-assessable lots or parcels may include, but are not limited to public streets and other roadways (typically not assigned an APN by the County); dedicated public easements, open space areas, right-of-ways, common areas; landlocked parcels, small parcels vacated by the County, bifurcated lots, and any other property that can not be developed or has little or no value. These types of parcels are considered to receive little or no benefit from the improvements and are therefore exempted from assessment.

If any parcel submitted for collection is identified by the County Auditor/Controller to be an invalid parcel number for the fiscal year, a corrected parcel number and/or new parcel numbers will be identified and resubmitted to the County Auditor/Controller. The assessment amount to be levied and collected for the resubmitted parcel or parcels shall be based on the method of apportionment and assessment rate described in this Report as approved by the City Council. Therefore, if a single parcel is subdivided to multiple parcels, the assessment amount applied to each of the new parcels shall be recalculated and applied according to the approved method of apportionment and assessment rate rather than a proportionate share of the original assessment.

CITY OF ATASCADERO
Street and Storm Drain Maintenance District No. 03
(De Anza Estates)

Fiscal Year 2018/2019 Assessment Roll

| Assessor's Parcel Number | Benefit Zone | Equivalent Benefit Units | Maximum Assessment | Proposed Assessment ⁽¹⁾ |
|-----------------------------|-----------------|-----------------------------|-----------------------|---------------------------------------|
| 049-043-003 | B | 0 | \$ - | \$ - |
| 049-043-004 | B | 0 | - | - |
| 049-044-002 | B | 1 | 907.82 | 681.49 |
| 049-044-003 | B | 1 | 907.82 | 681.49 |
| 049-044-004 | B | 1 | 907.82 | 681.49 |
| 049-044-005 | B | 1 | 907.82 | 681.49 |
| 049-044-006 | B | 1 | 907.82 | 681.49 |
| 049-044-007 | B | 1 | 907.82 | 681.49 |
| 049-044-008 | B | 1 | 907.82 | 681.49 |
| 049-044-009 | B | 1 | 907.82 | 681.49 |
| 049-044-010 | B | 1 | 907.82 | 681.49 |
| 049-044-011 | B | 1 | 907.82 | 681.49 |
| 049-044-012 | B | 1 | 907.82 | 681.49 |
| 049-044-013 | B | 1 | 907.82 | 681.49 |
| 049-044-014 | B | 1 | 907.82 | 681.49 |
| 049-044-015 | B | 1 | 907.82 | 681.49 |
| 049-044-016 | B | 1 | 907.82 | 681.49 |
| 049-044-017 | B | 1 | 907.82 | 681.49 |
| 049-044-018 | B | 1 | 907.82 | 681.49 |
| 049-044-019 | B | 1 | 907.82 | 681.49 |
| 049-044-020 | B | 1 | 907.82 | 681.49 |
| 049-044-021 | B | 1 | 907.82 | 681.49 |
| 049-044-022 | B | 1 | 907.82 | 681.49 |
| 049-044-023 | B | 1 | 907.82 | 681.49 |
| 049-044-024 | B | 1 | 907.82 | 681.49 |
| 049-044-025 | B | 1 | 907.82 | 681.49 |
| 049-044-026 | B | 1 | 907.82 | 681.49 |
| 049-044-033 | B | 1 | 907.82 | 681.49 |
| 049-046-001 | A | 0 | - | - |
| 049-046-002 | A | 0.625 | 458.93 | 214.05 |
| 049-046-003 | A | 0.625 | 458.93 | 214.05 |
| 049-046-004 | A | 0.625 | 458.93 | 214.05 |
| 049-046-005 | A | 0.625 | 458.93 | 214.05 |
| 049-046-006 | A | 0.625 | 458.93 | 214.05 |
| 049-046-007 | A | 0.625 | 458.93 | 214.05 |
| 049-046-008 | A | 0.625 | 458.93 | 214.05 |
| 049-046-009 | A | 0.625 | 458.93 | 214.05 |



| Assessor's Parcel Number | Benefit Zone | Equivalent Benefit Units | Maximum Assessment | Proposed Assessment ⁽¹⁾ |
|-----------------------------|-----------------|-----------------------------|-----------------------|---------------------------------------|
| 049-046-010 | A | 0.625 | 458.93 | 214.05 |
| 049-046-011 | A | 0.625 | 458.93 | 214.05 |
| 049-046-012 | A | 0.625 | 458.93 | 214.05 |
| 049-046-013 | A | 0.625 | 458.93 | 214.05 |
| 049-046-014 | A | 0.625 | 458.93 | 214.05 |
| 049-046-015 | A | 0.625 | 458.93 | 214.05 |
| 049-046-016 | A | 0.625 | 458.93 | 214.05 |
| 049-046-017 | A | 0.625 | 458.93 | 214.05 |
| 049-046-018 | A | 0.625 | 458.93 | 214.05 |
| 049-046-019 | A | 0.625 | 458.93 | 214.05 |
| 049-046-020 | A | 0.625 | 458.93 | 214.05 |
| 049-046-021 | A | 0.625 | 458.93 | 214.05 |
| 049-046-022 | A | 0.625 | 458.93 | 214.05 |
| 049-046-023 | A | 0.625 | 458.93 | 214.05 |
| 049-046-024 | A | 0.625 | 458.93 | 214.05 |
| 049-046-025 | A | 0.625 | 458.93 | 214.05 |
| 049-046-026 | A | 0.625 | 458.93 | 214.05 |
| 049-046-027 | A | 0.625 | 458.93 | 214.05 |
| 049-046-028 | A | 0.625 | 458.93 | 214.05 |
| 049-046-029 | A | 0.625 | 458.93 | 214.05 |
| 049-046-030 | A | 0.625 | 458.93 | 214.05 |
| 049-046-031 | A | 0.625 | 458.93 | 214.05 |
| 049-046-032 | A | 0.625 | 458.93 | 214.05 |
| 049-046-033 | A | 0.625 | 458.93 | 214.05 |
| 049-046-034 | A | 0.625 | 458.93 | 214.05 |
| 049-046-035 | A | 0.625 | 458.93 | 214.05 |
| 049-046-036 | A | 0.625 | 458.93 | 214.05 |
| 049-046-037 | A | 0.625 | 458.93 | 214.05 |
| 049-046-038 | A | 0.625 | 458.93 | 214.05 |
| 049-046-039 | A | 0.625 | 458.93 | 214.05 |
| 049-046-040 | A | 0.625 | 458.93 | 214.05 |
| 049-046-041 | A | 0.625 | 458.93 | 214.05 |
| 049-046-042 | A | 0.625 | 458.93 | 214.05 |
| 049-046-043 | A | 0.625 | 458.93 | 214.05 |
| 049-046-044 | A | 0.625 | 458.93 | 214.05 |
| 049-046-045 | A | 0.625 | 458.93 | 214.05 |
| 049-046-046 | A | 0.625 | 458.93 | 214.05 |
| 049-046-047 | A | 0.625 | 458.93 | 214.05 |
| 049-046-048 | A | 0.625 | 458.93 | 214.05 |
| 049-046-049 | A | 0.625 | 458.93 | 214.05 |
| 049-046-050 | A | 0.625 | 458.93 | 214.05 |
| 049-046-051 | A | 0.625 | 458.93 | 214.05 |



| Assessor's Parcel Number | Benefit Zone | Equivalent Benefit Units | Maximum Assessment | Proposed Assessment ⁽¹⁾ |
|-----------------------------|-----------------|-----------------------------|-----------------------|---------------------------------------|
| 049-046-052 | A | 0.625 | 458.93 | 214.05 |
| 049-046-053 | A | 0.625 | 458.93 | 214.05 |
| 049-046-054 | A | 0.625 | 458.93 | 214.05 |
| 049-046-055 | A | 0.625 | 458.93 | 214.05 |
| 049-046-056 | A | 0.625 | 458.93 | 214.05 |
| 049-046-057 | A | 0.625 | 458.93 | 214.05 |
| 049-046-058 | A | 0.625 | 458.93 | 214.05 |
| 049-046-059 | A | 0.625 | 458.93 | 214.05 |
| 049-046-060 | A | 0.625 | 458.93 | 214.05 |
| 049-046-061 | A | 0.625 | 458.93 | 214.05 |
| Totals | | 63.5 | \$ 51,139.12 | \$ 30,561.74 |

(1) Slight variance in charge or total budget are due to rounding for placement on the tax rolls.

DRAFT RESOLUTION D

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ATASCADERO, CALIFORNIA, INITIATING PROCEEDINGS FOR ANNUAL LEVY OF ASSESSMENTS FOR THE ATASCADERO LANDSCAPING AND LIGHTING MAINTENANCE DISTRICT NO. 3 (DE ANZA ESTATES) FOR FISCAL YEAR 2018/2019 PURSUANT TO THE PROVISIONS OF PART 2 OF DIVISION 15 OF THE CALIFORNIA STREETS AND HIGHWAYS CODE

The City Council of the City of Atascadero (hereafter referred to as “City Council”) hereby finds, determines, resolves and orders as follows:

WHEREAS, the City Council has, by previous Resolutions, formed the Atascadero Landscaping and Lighting Maintenance District No. 3 (hereafter referred to as “District”) pursuant to the provisions of the *Landscaping and Lighting Act of 1972, Part 2 of Division 15 of the Streets and Highways Code of California, beginning with Section 22500* (hereafter referred to as the “Act”) that provides for levy and collection of assessments by the County of San Luis Obispo for the City of Atascadero to pay the maintenance and services of lighting facilities, landscaping, and appurtenant facilities and operations related thereto; and

WHEREAS, the District and the associated assessments are in compliance with the provisions of California Constitution Article XIID; and

WHEREAS, the City Council has retained NBS for the purpose of assisting with the Annual Levy of the District and to prepare and file a report with the City Clerk in accordance with the Act.

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Atascadero as follows:

SECTION 1. Engineer’s Annual Levy Report: The City Council hereby orders NBS to prepare the Engineer’s Annual Levy Report concerning the levy of assessments for the District in accordance with *Chapter 3, Section 22622* of the Act.

SECTION 2. Proposed Improvements and Any Substantial Changes in Existing Improvements: The improvements within the District include the ongoing operation, administration, maintenance, servicing and incidental expenses related to the dedicated landscape areas, public street lighting and appurtenant facilities authorized pursuant to the Act that were installed as part of property development and associated with the District. Said improvements may include, but are not limited to the materials, equipment, utilities, labor, appurtenant facilities and expenses necessary for the ongoing maintenance and operation of public street lighting as well as landscaped parkways, medians, slopes, trails, park areas, drainage basins, open space areas and other designated easements or right-of-ways constructed and installed as part of the development plans and agreements approved for the development of each lot and parcel within the District. The

Engineer's Annual Levy Report describes any new improvements or substantial changes in existing improvements.

PASSED AND ADOPTED at a regular meeting of the City Council held on the ____th day of ____, 2018.

On motion by Council Member _____ and seconded by Council Member _____, the foregoing Resolution is hereby adopted in its entirety on the following roll call vote:

AYES:
NOES:
ABSENT:

CITY OF ATASCADERO

Tom O'Malley, Mayor

ATTEST:

Lara K. Christensen, City Clerk

APPROVED AS TO FORM:

Brian A. Pierik, City Attorney

DRAFT RESOLUTION E

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
ATASCADERO, CALIFORNIA, FOR PRELIMINARY APPROVAL OF
THE ENGINEER'S ANNUAL LEVY REPORT FOR THE ATASCADERO
LANDSCAPING AND LIGHTING MAINTENANCE DISTRICT NO. 3
(DE ANZA ESTATES) FOR FISCAL YEAR 2018/2019**

The City Council of the City of Atascadero (hereafter referred to as "City Council") does resolve as follows:

WHEREAS, the City Council has, by previous Resolutions, ordered the preparation of an Engineer's Annual Levy Report (hereafter referred to as the "Report") for the district known and designated as the Atascadero Landscaping and Lighting Maintenance District No. 3 (hereafter referred to as the "District") pursuant to the provisions of the *Landscaping and Lighting Act of 1972, Part 2 of Division of the Streets and Highways Code of California, beginning with Section 22500* (hereafter referred to as the "Act"); and

WHEREAS, the District and the associated assessments are in compliance with the provisions of California Constitution Article XIID; and

WHEREAS, the City Council has now been presented with the Report as required by *Chapter 1, Article 4, Section 22566* of said Act; and

WHEREAS, the City Council has carefully examined and reviewed the Report as presented and is preliminarily satisfied with the Report, each of the budget items and documents as set forth therein and is satisfied on a preliminary basis that the proposed assessments have been spread in accordance with the benefits received from the improvements, operation, maintenance, and services to be performed within each benefit zone as set forth in said Report.

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Atascadero as follows:

SECTION 1. The above recitals are true and correct.

SECTION 2. That the presented Report consists of the following:

- a. A Description of the Improvements
- b. The Annual Budget (Costs and Expenses of Services, Operation, and Maintenance)
- c. The Method of Apportionment that details the method of calculating each parcel's proportional special benefits and annual assessment.
- d. The District Roll containing the proposed assessment for each parcel within the District for Fiscal Year 2018/2019.

SECTION 3. The Report is hereby approved on a preliminary basis and ordered to be filed in the Office of the City Clerk as a permanent record and to remain open to public inspection.

SECTION 4. That the City Clerk shall certify to the passage and adoption of this Resolution, and the minutes of this meeting shall so reflect the presentation of the Report.

PASSED AND ADOPTED at a regular meeting of the City Council held on the ___th day of ____, 2018.

On motion by Council Member _____ and seconded by Council Member _____, the foregoing Resolution is hereby adopted in its entirety on the following roll call vote:

AYES:
NOES:
ABSENT:

CITY OF ATASCADERO

Tom O'Malley, Mayor

ATTEST:

Lara K. Christensen, City Clerk

APPROVED AS TO FORM:

Brian A. Pierik, City Attorney

DRAFT RESOLUTION F

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
ATASCADERO, CALIFORNIA, DECLARING ITS INTENTION TO LEVY
AND COLLECT ASSESSMENTS FOR THE ATASCADERO
LANDSCAPING AND LIGHTING MAINTENANCE DISTRICT NO. 03
(DE ANZA ESTATES) FOR FISCAL YEAR 2018/2019**

The City Council of the City of Atascadero (hereafter referred to as “City Council”) does resolve as follows:

WHEREAS, The City Council has by previous Resolution initiated proceedings for fiscal year 2018/2019 regarding the levy and collection of assessments for the Atascadero Landscaping and Lighting District No. 3 (hereafter referred to as the “District”). Pursuant to the provisions of the *Landscaping and Lighting Act of 1972, Part 2, Division 15 of the California Streets and Highways Code (commencing with section 22500)* (hereafter referred to as the “Act”), assessments for the District shall be levied and collected by the County of San Luis Obispo for the City of Atascadero to pay the maintenance and services of the improvements and facilities related thereto; and

WHEREAS, the proposed District assessments for fiscal year 2018/2019 are less than or equal to the maximum assessments previously approved in accordance with the requirements of the California Constitution, Article XIID; and

WHEREAS, there has now been presented to this City Council an Engineer’s Annual Levy Report (hereafter referred to as the “Engineer’s Report”), and said Engineer’s Report has been filed with the City Clerk in accordance with the Act; and

WHEREAS, the City Council has examined and reviewed the Engineer’s Report as presented and is satisfied with the Report, each of the budget items and documents as set forth therein and is satisfied that the proposed assessments contained therein, have been spread in accordance with the benefits received from the improvements, operation, maintenance and services to be performed within the District, as set forth in said Report.

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Atascadero as follows:

SECTION 1. The above recitals are true and correct.

SECTION 2. The City Council hereby declares its intention to seek the annual levy and collection of assessments within the District pursuant to the Act, over and including the lands, lots and parcels within the District boundary. The City Council further declares its intention to levy and collect assessments on such land to pay the annual costs and expenses of the improvements and services described in Section 4 of this Resolution, for fiscal year 2018/2019.

SECTION 3. The boundaries of the District are described in the Engineer’s Report and are consistent with the boundary established and described in the original formation documents, on file with the City Clerk, and incorporated herein by reference. The District is within the boundaries of the City of Atascadero, within the County of San Luis Obispo, State of California and includes the territory known as De Anza Estates and referred to as the “Atascadero Landscaping and Lighting District No. 03”.

SECTION 4. The improvements within the District include the ongoing maintenance, operation and servicing of local landscaping and street lighting improvements established or installed in connection with development of properties within the District. These improvements generally include, but are not limited to the materials, equipment, utilities, labor, appurtenant facilities and expenses necessary for the ongoing maintenance and operation of public street lighting as well as landscaped parkways, medians, slopes, trails, park areas, drainage basins, open space areas and other designated easements or right-of-ways constructed and installed as part of the development plans and agreements approved for the development of each lot and parcel within the District.

SECTION 5. The proposed assessments for fiscal year 2018/2019, as outlined in the Engineer’s Report, do not exceed the maximum assessment approved by the property owners through a property owner balloting proceeding conducted in 2005. As such, the proposed assessments do not constitute an increased assessment and do not require additional property owner approval in accordance with the requirements of the California Constitution, Article XIID.

SECTION 6. The City Council hereby declares its intention to conduct a Public Hearing concerning the District and the levy of assessments in accordance with Chapter 3, Section 22626 of the Act.

SECTION 7. Notice is hereby given that a Public Hearing on these matters will be held by the City Council on Tuesday, June 12, 2018, at 6:00 p.m., at the City Council Chambers, 6500 Palma Avenue, Atascadero, California or as soon thereafter as feasible. At the Public Hearing, all interested persons shall be given an opportunity to hear and be heard on the proposed assessment to be levied for fiscal year 2018/2019 as contained in the Engineer’s Report on file in the City Clerk’s Office.

SECTION 8. The City Clerk shall give notice of the time and place of the Public Hearing to all property owners within the District pursuant to Sections 22626, 22552 and 22553 of the Act and 6061 of the Government Code by publishing this Resolution of Intention in a local newspaper one time at least 10 days prior to the Public hearing.

PASSED AND ADOPTED at a regular meeting of the City Council held on the ___th day of ____, 2018.

On motion by Council Member _____ and seconded by Council Member _____, the foregoing Resolution is hereby adopted in its entirety on the following roll call vote:

AYES:
NOES:
ABSENT:

CITY OF ATASCADERO

Tom O'Malley, Mayor

ATTEST:

Lara K. Christensen, City Clerk

APPROVED AS TO FORM:

Brian A. Pierik, City Attorney

CITY OF ATASCADERO

Landscaping and Lighting District District No. 03 (De Anza Estates)

2018/19 Engineer's Report

May 2018

OFFICE LOCATIONS:

Temecula – Corporate Headquarters
32605 Temecula Parkway, Suite 100
Temecula, CA 92592

San Francisco – Regional Office
870 Market Street, Suite 1223
San Francisco, CA 94102

California Satellite Offices
Atascadero, Davis
Huntington Beach,
Joshua Tree, Riverside
Sacramento, San Jose

www.nbsgov.com

Prepared by:



CITY OF ATASCADERO
Landscaping & Lighting District No. 03
(De Anza Estates)

6500 Palma Avenue
Atascadero, CA 93422
Phone – (805) 461-5000
Fax – (805) 461-7612

CITY COUNCIL

Tom O'Malley, Mayor

Roberta Fonzi, Mayor Pro Tem

Charles Bourbeau, Council Member

Heather Moreno, Council Member

Brian Sturtevant, Council Member

AGENCY STAFF

Rachelle Rickard, City Manager

Jeri Rangel, Administrative Services Director

Cindy Chavez, Deputy Director of Administrative Services

NBS

Danielle Wood, Client Services Director

Adina McCargo, Senior Consultant

TABLE OF CONTENTS

- 1. Engineer’s Letter..... 1-1**
- 2. Executive Summary 2-1**
- 3. Plans and Specifications..... 3-1**
 - Description of the District 3-1
 - Improvements and Services Authorized by The 1972 Act..... 3-1
 - Description of Improvements and Services 3-2
- 4. Estimate of Costs 4-1**
- 5. Method of Assessment 5-1**
 - General..... 5-1
 - Benefit Analysis..... 5-1
 - Assessment Methodology..... 5-3
 - Assessment Range Formula 5-6
- 6. Assessment Diagram..... 6-1**
- 7. Assessment Roll..... 7-1**

1. ENGINEER’S LETTER

WHEREAS, on August 9, 2005 by Resolution No. 2005-074, the City Council of the City of Atascadero (the “City”), State of California, in accordance with and pursuant to the Landscape and Lighting Act of 1972, Part 2, Division 15 of the California Streets and Highways Code (commencing with Section 22500 (the “1972 Act”) established the City of Atascadero Landscaping and Lighting District No. 03 De Anza Estates (the “District”); and

WHEREAS, on May 8, 2018, the City Council, under the 1972 Act, adopted its Resolution Initiating Proceedings for the Annual Levy of Assessments and Ordering the Preparation of an Engineer’s Report for the District; and

WHEREAS, the Resolution Initiating Proceedings directed NBS to prepare and file a report describing the general nature, location, and extent of the improvements to be maintained; an estimate of the costs of the maintenance, operations, and servicing of the improvements for the District for the referenced fiscal year; a diagram for the District, showing the area and properties to be assessed; and an assessment of the estimated costs of the administration, maintenance, operations, and servicing the improvements, assessing the net amount upon all assessable lots and/or parcels within the District in proportion to the special benefit received.

NOW THEREFORE, the assessments as detailed in this Engineer’s Report and as summarized in the table below are made to cover the portion of the estimated costs of maintenance, operation and servicing of the improvements to be paid by the assessable real property within the District in proportion to the special benefit received. The following table summarizes the proposed assessment for Fiscal Year 2018/19:

FY 2018/19 Budget Summary

| Description | Total Costs | Costs Not Assessed | Proposed Assessment | Total Benefit Units | Maximum Rate | Proposed Rate Per BU |
|--------------------|-----------------|--------------------|---------------------|---------------------|-------------------|----------------------|
| Annual Maintenance | \$13,511 | \$1,208 | \$12,303 | | | |
| Administration | 6,220 | 0 | 6,220 | | | |
| Levy Adjustments | (2,268) | (1,208) | (1,060) | | | |
| Total | \$17,463 | \$0 | \$17,463 | 63.5 | \$1,301.70 | \$275.00 |

I, the undersigned, respectfully submit the enclosed Engineer’s Report and, to the best of my knowledge, information, and belief, the Engineer’s Report, Assessments, and the Assessment Diagram herein have been prepared, computed, and levied in accordance with the assessment methodology adopted, approved, and ordered by the City Council of the City of Atascadero and the 1972 Act.

 City Engineer

2. EXECUTIVE SUMMARY

Pursuant to the provisions of the Landscaping and *Lighting Act of 1972*, being *Part 2 of Division 15* of the *California Streets and Highways Code*, commencing with *Section 22500* (hereafter referred to as the “1972 Act”), and in compliance with the substantive and procedural requirements of the California State Constitution Article XIID (hereafter referred to as “Article XIID”), the City Council of the City of Atascadero, County of San Luis Obispo, State of California (hereafter referred to as “City”), executed the proceedings required for the establishment of the special benefit assessment district designated as:

Landscaping and Lighting District No. 03 (De Anza Estates)

(hereafter referred to as the “District”), which includes the lots and parcels of land within the residential subdivision known as De Anza Estates, Tract 2498 within the City limits of the City. This Engineer’s Report (hereafter referred to as the “Report”) has been prepared in connection with the levy and collection of annual assessments related thereto for fiscal year 2018/19, as required pursuant to Chapter 1, Article 4 of the 1972 Act.

The City Council formed the District, and provided for the levy and collection of annual assessments on the County tax rolls to provide ongoing funding for the costs and expenses required to service and maintain the landscaping and lighting improvements associated with and resulting from the development of properties within the District. The improvements to be provided by the District and the assessments described herein are made pursuant to the 1972 Act and the substantive and procedural provisions of Article XIID.

This Report describes the District, the improvements, and the proposed assessments to be levied against properties in connection with the special benefits the properties will receive from the maintenance and servicing of the District improvements. The annual assessments will provide a funding source for the continued operation and maintenance of public landscaping and lighting improvements installed in connection with the development of properties within the District.

The improvements and assessments described in this Report are based on the planned development of properties within the District and represent an estimate of the direct expenditures, incidental expenses, and fund balances that will be necessary to maintain and service the improvements. The boundaries of the District, the proposed improvements, the method of apportionment, and assessments described herein are based on current development plans and specifications for Tract 2498; and by reference these plans and specifications are made part of this Report.

The word “parcel,” for the purposes of this Report, refers to an individual property assigned its own Assessor’s Parcel Number (APN) by the San Luis Obispo County Assessor’s Office. The San Luis Obispo County Auditor/Controller uses Assessor’s Parcel Numbers and specific Fund Numbers to identify properties to be assessed on the tax roll for the special benefit assessments.

As part of the District formation, the City of Atascadero conducted a Property Owner Protest Ballot proceeding for the proposed levy of a new assessment pursuant to the provisions of the California Constitution, Article XIID Section 4. In conjunction with this ballot proceeding, the City Council conducted a noticed public hearing on August 9, 2005 to consider public testimonies, comments and written protests regarding the formation of the District and levy of assessments. Upon conclusion of the public hearing, property owner protest ballots received were opened and tabulated to determine whether majority protest existed (ballots were weighted based on assessment amounts), and by resolution the City Council confirmed the results of the ballot tabulation. Tabulation of the ballots indicated that majority protest did not exist for

the proposed assessments and the assessment range formula presented and described herein, the City Council approved the Report (as submitted or amended), ordered the formation of the District, and approved the levy and collection of assessments. The assessments for fiscal year 2005/2006 were submitted to the San Luis Obispo County Auditor/Controller for inclusion on the property tax roll for each parcel.

Each subsequent fiscal year, an Engineer's Report shall be prepared and presented to the City Council describing the District any changes to the District or improvements and the proposed budget and assessments for that fiscal year and the City Council shall hold a noticed public hearing regarding these matters prior to approving and ordering the proposed levy of assessments. If the proposed assessments for the District exceed the maximum assessment described herein (as approved by the property owners), the new or increased assessment must be confirmed through another property owner protest ballot proceeding before such an assessment may be imposed. It should be noted that an increased assessment to an individual property resulting from changes in development or land use does not constitute an increased assessment.

3. PLANS AND SPECIFICATIONS

Description of the District

The territory within the District consists of the lots, parcels and subdivisions of land within the proposed residential subdivision known as the De Anza Estates, Tract 2498, which encompasses an area of land totaling approximately seventy-six acres (75.76 acres).

This subdivision is planned to include twenty-six (26) Single-Family Residential Units and sixty (60) Modified Housing/Senior Housing Units at build-out. The planned subdivision is situated in the northern portion of the City of Atascadero northeast of Highway 101 and is generally located:

- At the North end of El Camino Real;
- North and East of U.S. HWY 101; and,
- South and West of the Salinas River.

Improvements and Services Authorized by The 1972 Act

As generally defined by the 1972 Act and applicable to this District, the improvements and associated assessments may include one or more of the following:

- 1) The installation or planting of landscaping;
- 2) The installation or construction of statuary, fountains, and other ornamental structures and facilities;
- 3) The installation or construction of public lighting facilities including, but not limited to street lights and traffic signals;
- 4) The installation or construction of any facilities which are appurtenant to any of the foregoing or which are necessary or convenient for the maintenance or servicing thereof;
- 5) The installation of park or recreational improvements, including, but not limited to, all of the following:
 - a) Land preparation, such as grading, leveling, cutting and filling, sod, landscaping, irrigation systems, sidewalks, and drainage.
 - b) Lights, playground equipment, play courts, and public restrooms.
- 6) The acquisition of land for park, recreational, or open-space purposes or any existing improvement otherwise authorized pursuant to this section.
- 7) The maintenance or servicing, of any of the foregoing including the furnishing of services and materials for the ordinary and usual maintenance, operation, and servicing of any improvement including but not limited to:
 - a) Repair, removal, or replacement of all or any part of any improvements;
 - b) Grading, clearing, removal of debris, the installation or construction of curbs, gutters, walls, sidewalks, or paving, or water, irrigation, drainage, or electrical facilities;
 - c) Providing for the life, growth, health, and beauty of landscaping, including cultivation, irrigation, trimming, spraying, fertilizing, or treating for disease or injury;

- d) The removal of trimmings, rubbish, debris, and other solid waste;
 - e) The cleaning, sandblasting, and painting of walls and other improvements to remove or cover graffiti;
 - f) Electric current or energy, gas, or other illuminating agent for any public lighting facilities or for the lighting or operation of any other improvements;
 - g) Water for the irrigation of any landscaping, the operation of any fountains, or the maintenance of any other improvements.
- 8) Incidental expenses associated with the improvements including, but not limited to:
- a) The cost of preparation of the report, including plans, specifications, estimates, diagram, and assessment;
 - b) The costs of printing, advertising, and the publishing, posting and mailing of notices;
 - c) Compensation payable to the County for collection of assessments;
 - d) Compensation of any engineer or attorney employed to render services;
 - e) Any other expenses incidental to the construction, installation, or maintenance and servicing of the improvements;
 - f) Costs associated with any elections held for the approval of a new or increase assessment.

Description of Improvements and Services

The purpose of this District is to ensure the ongoing maintenance, operation and servicing of local landscaping and street lighting improvements established or installed in connection with development of properties within the District. The improvements may consist of all or a portion of the public landscaped areas, street lighting and appurtenant facilities within and adjacent to the District (Tract 2498). These improvements generally include, but are not limited to the materials, equipment, utilities, labor, appurtenant facilities and expenses necessary for the ongoing maintenance and operation of public street lighting as well as landscaped parkways, medians, slopes, trails, park areas, drainage basins, open space areas and other designated easements or right-of-ways constructed and installed as part of the development plans and agreements approved for the development of each lot and parcel within the District. The improvements to be maintained and funded entirely or partially through the District assessments are generally described as:

- Streetscape landscaping including street trees located on the perimeter of the development and interior streets of Tract 2498 that are within the public right-of-ways or easements and dedicated to the City for maintenance;
- Open space areas and fuel modification areas within or adjacent to the District boundaries;
- Park areas, recreational equipment, trails and landscaped drainage facilities developed and constructed as part of developing properties within Tract 2498; Appurtenant facilities, equipment, materials and utilities related to the aforementioned improvements;
- Specifically not included as District improvements are those improvements located on private property, improvements and facilities that may be provided or maintained by an agency other than the City; improvements and facilities that may be provided by another assessment or tax levied by the City or any improvement provided and maintained by a Homeowner's Association or similar entity.

- Public lighting facilities including street lighting, safety lighting and ornamental lighting installed as part of the residential development or landscaped improvement areas;
- Appurtenant facilities, equipment, materials and utilities related to the aforementioned improvements;
- Specifically not included as District improvements are those improvements located on private property, improvements and facilities that may be provided or maintained by an agency other than the City; improvements and facilities that may be provide by another assessment or tax levied by the City or any improvement provided and maintained by a Homeowner’s Association or similar entity.

Detailed maps and descriptions of the location and extent of the specific improvements to be maintained by the District are on file in the Office of Public Works and by reference are made part of this Report. Those portions of the District improvements that may be identified as general benefit or will be funded in whole or in part by other revenue sources as part of the approved development agreements, will not be included as part of the District assessments. The net annual cost to provide and maintain the improvements determined to be of special benefit shall be allocated to each property in proportion to the special benefits received.

Landscape Improvements

The landscape improvements for the District may include, but are not limited to turf, ground cover, shrubs and plants, trees, irrigation and drainage systems, ornamental lighting, masonry walls or other fencing, hardscape improvements, monuments, and associated appurtenant facilities located within the landscape easements or public right-of-ways. Specifically the landscape improvement areas for this District are identified as:

- Approximately 43,560 square feet of streetscape (parkway embankment) landscaping within the public right-of-ways located on El Camino Real within the boundaries of Tract 2498;
- An estimated 150 trees, including trees within the landscaped area on El Camino Real, various trees within the open space area and the street trees within the street right-of-way on Ferrocarril Road;
- Approximately 175,550 square feet (4.03 acres) of landscaped area in and around the two (2) drainage basins within Tract 2498;
- Approximately fifty-one (51) acres of non-irrigated open space area;
- Approximately 48,000 square feet of paved and unpaved trails; and 2,600 linear feet of steel rail fencing along the trail system and landscaped areas.

Public Lighting Improvements

The approved development plans for Tract 2498 do not include any proposed street light facilities.

4. ESTIMATE OF COSTS

| BUDGET | Total Budget | Costs Not Assessed | Fiscal Year 2018/19 |
|--|------------------|--------------------|---------------------|
| DIRECT COSTS | | | |
| Annual Maintenance | | | |
| Landscape Services | \$4,830 | \$708 | \$4,122 |
| Landscape Supplies | 840 | 0 | 840 |
| Landscape Utilities | 500 | 0 | 500 |
| City Landscape Services | 9,160 | 0 | 9,160 |
| Maintenance | 830 | 0 | 830 |
| Total Annual Direct Costs | \$16,160 | \$708 | \$15,452 |
| CAPITAL EXPENDITURES | | | |
| Special Projects | \$5,000 | \$0 | \$5,000 |
| Total Annual Capital Expenditures | \$5,000 | \$0 | \$5,000 |
| ADMINISTRATION EXPENSES | | | |
| Annual Administration Expenses | | | |
| City Annual Administration | \$2,100 | \$0 | \$2,100 |
| Engineer's Report & Services | 3,970 | 0 | 3,970 |
| Public Noticing | 150 | 0 | 150 |
| Total Annual Administration Costs | \$6,220 | \$0 | \$6,220 |
| TOTAL DIRECT & ADMINISTRATION COSTS | \$27,380 | \$708 | \$26,672 |
| CAPITAL RESERVE COLLECTIONS/(USES) | | | |
| Landscape Rehabilitation/Replacement | \$2,938 | \$0 | \$2,938 |
| Trail & Pathway Rehabilitation/Replacement | 1,000 | 500 | 500 |
| Park & Open Space Rehabilitation/Replacement | 707 | 0 | 707 |
| Tree Rehabilitation/Replacement | 1,207 | 0 | 1,207 |
| Park Rehabilitation/Replacement | 762 | 0 | 762 |
| Reserve Collection (Use) | (14,263) | 0 | (14,263) |
| Total Annual Capital Reserve Collections/(Uses) | (\$7,649) | \$500 | (\$8,149) |
| LEVY ADJUSTMENTS | | | |
| Interest Income - Improvement Fund | (\$901) | \$0 | (\$901) |
| Interest Income - Operating Reserve Fund | (159) | 0 | (159) |
| Contributions from Other Sources | (1,208) | (1,208) | 0 |
| Total Levy Adjustments | (\$2,268) | (\$1,208) | (\$1,060) |
| BALANCE TO LEVY | \$17,463 | \$0 | \$17,463 |
| DISTRICT STATISTICS | | | |
| Total Parcels | | | 89 |
| Parcels Levied | | | 86 |
| Total EBU | | | 63.5 |
| Levy per EBU ⁽¹⁾ | | | \$275.00 |
| Maximum Levy per EBU | | | \$1,301.70 |
| FUND BALANCE INFORMATION | | | |
| Beginning Operating Reserve Balance | | | \$14,547 |
| Operational Reserve Interest | | | 159 |
| Use of Operational Reserve Interest | | | (159) |
| Operational Reserve Collection (Use) | | | 0 |
| Estimated Ending Operating Reserve Balance | | | \$14,547 |
| Beginning Improvement Fund Balance | | | \$90,266 |
| Improvement Fund Interest | | | 901 |
| Use of Improvement Fund Interest | | | (901) |
| Improvement Fund Collection (Use) | | | (7,567) |
| Estimated Ending Improvement Fund Balance | | | \$82,699 |

(1) Levy per EBU rate does not include the County of San Luis Obispo fee of \$2.00 per parcel.

5. METHOD OF ASSESSMENT

General

The 1972 Act permits the establishment of assessment districts by agencies for the purpose of providing certain public improvements, which include the construction, maintenance, and servicing of public lights, landscaping and appurtenant facilities. The 1972 Act further requires that the cost of these improvements be levied according to benefit rather than assessed value:

“The net amount to be assessed upon lands within an assessment district may be apportioned by any formula or method which fairly distributes the net amount among all assessable lots or parcels in proportion to the estimated benefits to be received by each such lot or parcel from the improvements.”

The method of apportionment described in this Report for allocation of special benefit assessments utilizes commonly accepted engineering practices and have been established pursuant to the 1972 Act and the provisions of Article XIIIID. The formulas used for calculating assessments reflects the composition of parcels within the District and the improvements and services provided, to fairly apportion the costs based on the special benefits to each parcel.

Benefit Analysis

Each of the proposed improvements, the associated costs and assessments have been carefully reviewed, identified and allocated based on special benefit pursuant to the provisions of the 1972 Act and Article XIIIID. The improvements provided by this District and for which properties will be assessed have been identified as necessary, required and/or desired for the orderly development of the properties within the District to their full potential, consistent with the development plans and applicable portions of the City General Plan. As such, these improvements would be necessary and required of individual property owners for the development of such properties and the ongoing operation, servicing and maintenance of these improvements would be the financial obligation of those properties. Therefore, the improvements and the annual costs of ensuring the maintenance and operation of the improvements are a distinct and special benefit to the properties within the District. Any improvement or portion thereof that is considered to be of general benefit shall be funded by other revenue sources and not included as part of the special benefit assessments allocated to properties within the District.

Special Benefit

The method of apportionment (method of assessment) established herein is based on the premise that each assessed parcel within the District receives special benefits from the improvements and the desirability and security of those properties is enhanced by the presence of public lighting and well-maintained landscaping in close proximity to those properties.

The special benefits associated with landscape improvements are specifically:

- Enhanced desirability of properties through association with the improvements.
- Improved aesthetic appeal of properties providing a positive representation of the area and properties.
- Enhanced adaptation of the urban environment within the natural environment from adequate green space and landscaping.

- Environmental enhancement through improved erosion resistance, dust and debris control, and fire prevention.
- Increased sense of pride in ownership of property within the District resulting from well-maintained improvements associated with the properties.
- Enhanced quality of life through well-maintained green space and landscaped areas.
- Reduced criminal activity and property-related crimes (especially vandalism) against properties in the District through well-maintained surroundings and amenities including abatement of graffiti.
- Enhanced environmental quality of the parcels by moderating temperatures, providing oxygenation and attenuating noise.

The special benefits of street lighting and other public lighting facilities are the convenience, safety, and security of property, improvements, and goods. Specifically:

- Enhanced deterrence of crime and the aid to police protection.
- Increased nighttime safety on roads, streets and public areas.
- Improved ability of pedestrians and motorists to see.
- Improved ingress and egress to property.
- Reduced vandalism and other criminal act and damage to improvements or property.
- Improved traffic circulation and reduced nighttime accidents and personal property loss.

The preceding special benefits contribute to the esthetic value and desirability of each of the assessed parcels within the District and thereby provide a special enhancement of the properties. Furthermore, it has been determined that the lack of funding to properly service and maintain the District improvements would have a negative impact on the properties within the District.

General Benefit

Upon reviewing each of the District improvements, the proximity of those improvements to both properties within the District and those outside the District as well as the reasons for installing, constructing and maintaining such improvements, it is evident that the properties within the District receive special benefit from those improvements. While the District improvements clearly include public areas, easements, right-of-ways and other amenities available or visible to the public at large, the landscaped areas, trails, detention basin as well as the need to increase maintenance activities within the open space areas resulted solely from the development of properties within the District and would otherwise not have been required nor necessarily desired by any properties or developments outside the District and any public access or use of the improvements by others is incidental. Therefore, it has been determined that these improvements and the ongoing maintenance, servicing and operation of those improvements provide no measurable general benefit to properties outside the District or to the public at large. However, while this development has facilitated a need for increased maintenance of the open space area associated with Tract 2498, it is also recognized that land conservation and ensuring adequate open space areas within the City does have some indirect, but not quantifiable, benefit to the community at large. Therefore, while the entire cost to maintain the open space area as well as the Horse Arena facility have been incorporated into the District budget, the annual cost to maintain the arena and a portion of the open space area are not included in the proposed special benefit assessments. Should the City require maintenance of these areas, the associated costs will be funded by other revenue sources available to the City.

Assessment Methodology

The method of apportionment for the District calculates the receipt of special benefit from the respective improvements based on the actual or proposed land use of the parcels within the District. The special benefit received by each lot or parcel is equated to the overall land use of parcels within the District based on the parcel's actual land use or proposed development.

The costs associated with the improvements shall be fairly distributed among the parcels based upon the special benefit received by each parcel. Additionally, in compliance with the Article XIID Section 4, each parcel's assessment may not exceed the reasonable cost of the proportional special benefit conferred to that parcel. The benefit formula used to determine the assessment obligation is therefore based upon both the improvements that benefit the parcels within the District as well as the proposed land use of each property as compared to other parcels that benefit from those specific improvements.

To identify and determine the special benefit to be received by each parcel and their proportionate share of the improvement costs it is necessary to consider the entire scope of the planned improvements as well as individual property development within the District. Upon review of the proposed improvements it has been determined that each of the residential parcels within the District receives special benefits from the improvements to be funded by annual assessments and based on the planned property development a single zone of benefit is appropriate for the allocation of the assessments and proportional benefit.

Equivalent Benefit Units:

To assess benefits equitably it is necessary to relate each property's proportional special benefits to the special benefits of the other properties within the District. The method of apportionment established for most districts formed under the 1972 Act utilizes a weighted method of apportionment known as an Equivalent Benefit Unit methodology that uses the single-family home site as the basic unit of assessment. A single-family home site equals one Equivalent Benefit Unit (EBU) and the other land uses are converted to a weighted EBU based on an assessment formula that equates the property's specific development status, type of development (land use), and size of the property, as compared to a single-family home site.

Although the Equivalent Benefit Unit method of apportioning special benefit is most commonly used and applied to districts that have a wide range of land use classifications (residential and non-residential use), this District is comprised of only residential properties and the following apportionment analysis of special benefit addresses only residential land uses. Not all land use types described in the following are necessarily applicable to the development of properties within this District, but are presented for comparison purposes to support the proportional special benefit applied to those land use types within the District.

- (1) **Single-family Residential** — This land use is defined as a fully subdivided residential home site with or without a structure. This land use is assessed 1.00 EBU per lot or parcel. This is the base value that the other properties are compared and weighted against regarding special benefit.
- (2) **Multi-family Residential** — This land use is defined as a fully subdivided residential parcel that has more than one residential unit developed on the property. (This land use typically includes apartments, duplexes, triplex etc., but does not generally include condominiums, town-homes or mobile home parks). Based on average population densities and size of the structure as compared to a typical single-family residential unit, multi-family residential parcels shall be proportionately assessed for the parcel's total number of residential units utilizing a sliding benefit scale. Although multi-family properties typically receive similar benefits to that of a single-family residential, it would not be reasonable to conclude that on a per unit basis, the benefits are equal. Studies have consistently shown that the average multi-family unit impacts infrastructure approximately 75% as much as a single-family residence (Sample Sources: Institute of Transportation Engineers

Informational Report Trip Generation, Fifth Edition; Metcalf and Eddy, Wastewater Engineering Treatment, Disposal, Reuse, Third Edition). These various studies indicate that most public improvements and infrastructure are utilized and impacted at reduced levels by multi-family residential units and a similar reduction in proportional benefit is appropriate. Furthermore, it is also reasonable to conclude that as the density (number of units) increases the proportional benefit per unit tends to decline because the unit size and people per unit usually decreases. Based on these considerations and the improvements provided by this District, an appropriate allocation of special benefit for multi-family residential properties as compared to a single-family residential is best represented by the following special benefit assignment: 0.75 EBU per unit for the first 50 units; 0.50 EBU per unit for units 51 through 100; and 0.25 EBU per unit for remaining units.

- (3) Condominium/Town-home Units** — Condominiums and town-homes tend to share attributes of both single-family residential and multi-family residential properties and for this reason are identified as a separate land use classification. Like most single-family residential properties, these properties are not usually considered rental property and generally, the County assigns each unit a separate APN or assessment number. However, condominiums and town-homes often have similarities to multi-family residential properties in that they are generally zoned medium to high density and in some cases may involve multiple units on a single APN. In consideration of these factors it has been determined that an appropriate allocation of special benefit for condominiums, town-homes and similar residential properties is best represented by an assignment of 0.75 EBU per unit regardless of whether each unit is assigned an individual APN or there are multiple units assigned to an APN. (There is no adjustment for parcels with more than five units).
- (4) Modified Housing/Senior Housing Units** — Modified Housing or Senior Housing is generally defined as residential units that would typically be classified as Condominiums or Town-homes, but have specific deed restrictions that may limit the size or use of all units within the development. This classification is not applicable to individual single-family residential parcels unless all single-family residential parcels within that particular development or subdivision have the same restrictions. (For example: One or more single-family units within a subdivision that are deed restricted as “Affordable Housing” or “Senior Housing” does not qualify for this land use classification, unless all the units within that development have the same or similar deed restrictions.) Since this classification generally involves Condominium or Town-home type properties, that are generally assigned 0.75 EBU, it has been determined that an appropriate allocation of special benefit for modified housing units or senior housing units is best represented by an assignment of 0.625 EBU per unit regardless of whether each unit is assigned an individual APN or there are multiple units assigned to a single APN.
- (5) Planned-Residential Development** — This land use is defined as any property for which a tentative or final tract map has been filed and approved (a specific number of residential lots and units has been identified) and the property is expected to be subdivided within the fiscal year or is part of the overall improvement and development plan for the District. This land use classification often times involves more than a single parcel (e.g. the approved tract map encompasses more than a single APN). Each parcel that is part of the approved tract map shall be assessed proportionately for the proposed or estimated residential type and units to be developed on that parcel as part of the approved tract map. Accordingly, each parcel is assigned an appropriate number of benefit units that reflects the development of that property at build-out. (The EBU assigned to each parcel shall represent the combination of single-family, condominium, multi-family units to be developed).
- (6) Vacant Residential** — This land use is defined as property currently zoned for residential development, but a tentative or final tract map for the property has not yet been approved. Based

upon the opinions of professional appraisers who appraise market property values for real estate in California, the land value portion of a property typically ranges from 20 to 30 percent of the total value of a developed residential property (the average is about 25 percent). Although the assessed value of an individual property is not a direct reflection of the property's special benefit, this general correlation between land value and structure value does provide a reasonable basis for apportioning special benefit for vacant residential properties. Utilizing this twenty-five percent (25%) apportionment and the number of single-family residential units typically developed per acre of land (an average of 4 residential units per acre) an Equivalent Benefit Unit of 1.00 EBU per acre (4 units per acre x 25%) is derived and presents an appropriate apportionment of special benefit for vacant residential properties. Recognizing that the full and timely utilization of vacant property is reduced as the size of the property increases, it has been determined that the maximum EBU assigned to a vacant residential parcel shall not exceed 25.00 EBU (parcels in excess of 25 acres are assigned 25.00 EBU). Parcels less than one acre, shall be assigned a minimum of 1.00 EBU (similar to a vacant lot within a residential tract).

(7) Exempt Parcels — This land use identifies properties that are not assessed and are assigned 0.00 EBU. This land use classification may include but is not limited to:

- Lots or parcels identified as public streets and other roadways (typically not assigned an APN by the County);
- Dedicated public easements including open space areas, utility rights-of-way, greenbelts, parkways, parks or other publicly owned properties that are part of the District improvements or may provide other benefits to private properties within the District;
- Private properties that cannot be developed independently from an adjacent property, such as common areas, sliver parcels or bifurcated lots or properties with very restrictive development use;

These types of parcels are considered to receive little or no benefit from the improvements and are therefore exempted from assessment, but shall be reviewed annually by the assessment engineer to confirm the parcels' current development status. Government owned properties or public properties are not necessarily exempt properties and shall be subject to special benefit assessment unless it qualifies for an exempt status.

(8) Special Cases — In many districts where multiple land use classifications are involved, there are usually one or more properties for which the standard land use classifications do not accurately identify the special benefits received from the improvements. For example, a parcel may be identified as a Vacant Residential property, however only a small percentage of the parcel's total acreage can actually be developed. In this case, an appropriate calculation would be based on the net acreage that can be utilized rather than the gross acreage of the parcel.

The following table provides a summary of land use classifications and the Equivalent Benefit Unit calculations previously outlined.

| Property Type | Equivalent Benefit Units | Multiplier |
|---------------------------------|--------------------------|----------------------------------|
| Single-family Residential | 1.00 | Per Unit/Lot/Parcel |
| Multi-family Residential | 0.75 | Per Unit for the First 50 Units |
| | 0.50 | Per Unit for Units 51-100 |
| | 0.25 | Per Unit for all Remaining Units |
| Condominium/Townhome Units | 0.75 | Per Unit |
| Planned Residential Development | 1.00 | Per Planned SF Residential Lot |
| | 0.75 | Per Planned Condominium |
| | 0.75 | Per Unit for the First 50 Units |
| | 0.50 | Per Unit for Units 51-100 |
| | 0.25 | Per Unit for all Remaining Units |
| Vacant Residential Land | 1.00 | Per Acre |
| Exempt Parcels | 0.00 | Per Parcel |

The following formula is used to calculate each parcel's EBU (proportional benefit).

$$\text{Parcel Type EBU} \times \text{Acres or Units} = \text{Parcel EBU}$$

The total number of Equivalent Benefit Units (EBU's) is the sum of the individual EBU's applied to parcels that receive special benefit from the improvements. An assessment amount per EBU (Assessment Rate) for the improvements is established by taking the total cost of the improvements and dividing that amount by the total number of EBU's of the parcels benefiting from the improvements. This Rate is then applied back to each parcel's individual EBU to determine the parcel's proportionate benefit and assessment obligation for the improvements.

$$\text{Total Balance to Levy} / \text{Total EBU} = \text{Levy per EBU}$$

$$\text{Levy per EBU} \times \text{Parcel EBU} = \text{Parcel Levy Amount}$$

Assessment Range Formula

Any new or increased assessment requires certain noticing and meeting requirements by law. Prior to the passage of Proposition 218 (California Constitution Articles XIIC and XIID), legislative changes in the Brown Act defined a "new or increased assessment" to exclude certain conditions. These conditions included "any assessment that does not exceed an assessment formula or range of assessments previously adopted by the agency or approved by the voters in the area where the assessment is imposed." This definition and conditions were later confirmed through Senate Bill 919 (Proposition 218 implementing legislation).

The purpose of establishing an Assessment Range Formula is to provide for reasonable increases and inflationary adjustment to annual assessments without requiring costly noticing and mailing procedures,

which could add to the District costs and assessments. As part of the District formation, the notice and assessment ballots presented to the property owners for approval included a maximum assessment amount for fiscal year 2005/2006 (initial maximum assessment), identification of the corresponding maximum assessment rate and a summary of the Assessment Range Formula described herein.

The Assessment Range Formula for this District shall be applied to future assessments and is generally defined:

- If the proposed annual assessment (levy per EBU) for the upcoming fiscal year is less than or equal to the adjusted Maximum Assessment Rate, then the proposed annual assessment is not considered an increased assessment.
- The Maximum Assessment Rate is equal to the (Initial) Maximum Assessment Rate established for fiscal year 2005/2006 adjusted annually by the greater of, three percent (3%) or the annual percentage change in the Consumer Price Index (CPI) of “All Urban Consumers” for the San Francisco-Oakland-Hayward Area from February to February. The Maximum Assessment rate was increased by 3.56% for fiscal year 2018/19. In January 2018, BLS introduced a new geographic area sample for the CPI. As part of the change the index for this area was renamed from San Francisco-Oakland-San Jose to San Francisco-Oakland-Hayward. The metropolitan area is comprised of Alameda, Contra Costa, Marin, San Francisco, San Mateo Counties in the State of California. This CPI will be used going forward.

Beginning with the second fiscal year (fiscal year 2006/2007) and each fiscal year thereafter, the Maximum Assessment Rate is recalculated and a new Maximum Assessment Rate is established for the fiscal year utilizing the Assessment Range Formula described above. The Maximum Assessment Rate has been calculated independent of the District’s annual budget and proposed assessment. The annual percentage change in CPI is based on available data provided by the U.S. Department of Labor; Bureau of Labor Statistics at the time the annual Report is prepared. Should the Bureau of Labor Statistics revise such index or discontinue the preparation of such index, the City shall use the revised index or comparable system as approved by the City Council for determining fluctuations in the cost of living. In January 2018, BLS introduced a new geographic area sample for the CPI. As part of the change the index for this area was renamed from San Francisco-Oakland-San Jose to San Francisco-Oakland-Hayward. The metropolitan area is comprised of Alameda, Contra Costa, Marin, San Francisco, San Mateo Counties in the State of California. This CPI will be used going forward.

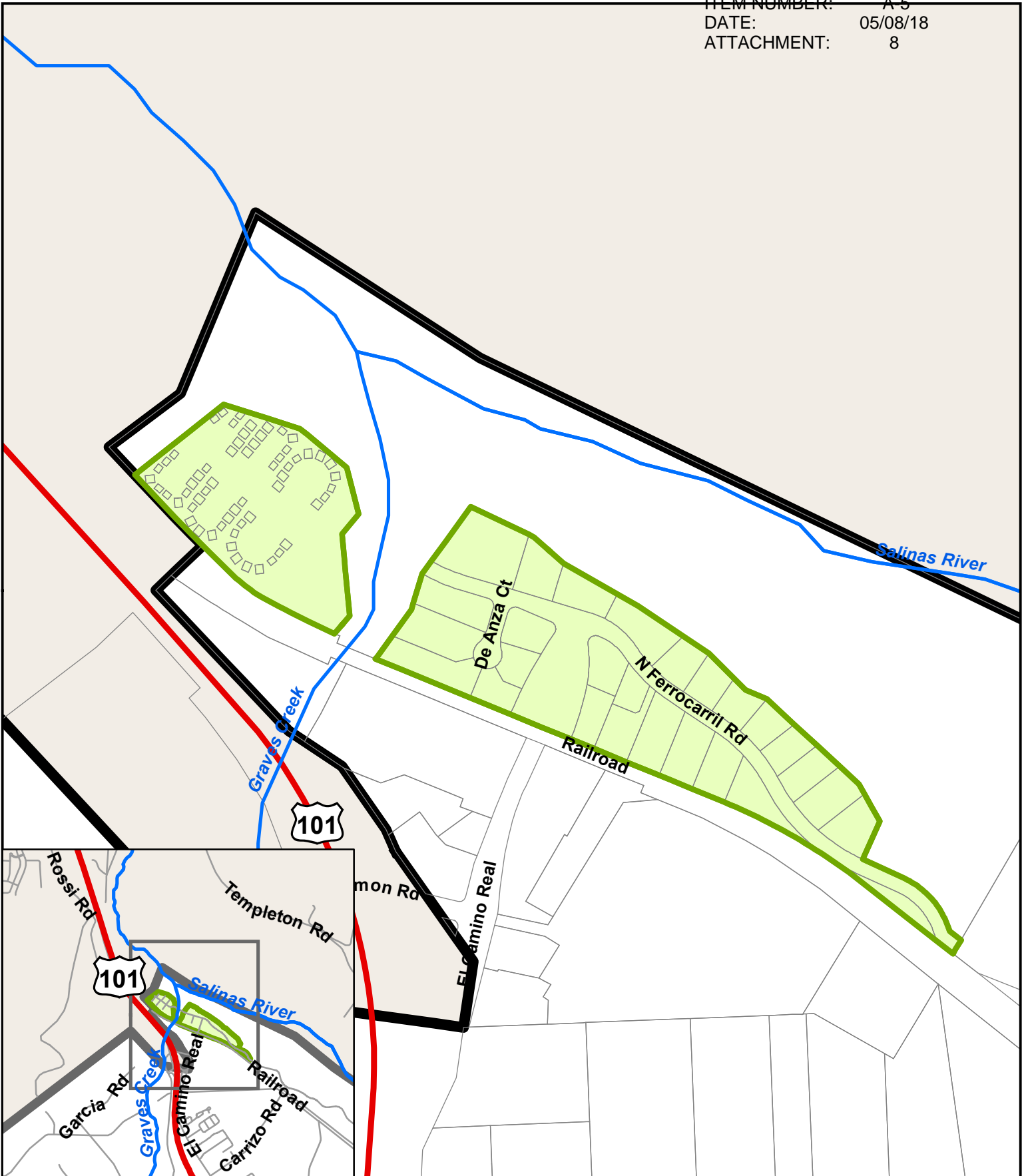
Any proposed annual assessment (rate per EBU) less than or equal to the calculated (adjusted) Maximum Assessment Rate is not considered an increased assessment, even if the proposed assessment is significantly greater than the assessment applied in the prior fiscal year. Likewise, modifications to the method of apportionment that increase the proportional special benefit assigned to a particular land use classification would be considered an increased assessment. Conversely, reductions in the proportional special benefit assigned to a land use classifications are permitted. Changes in land use or size of an individual property resulting in an assessment increase, is not considered an increased assessment.

To impose a new or increased assessment other than the annual inflationary adjustment provided by the preceding Assessment Range Formula, the City must comply with the provisions of Article XIID Section 4c, that requires a public hearing and certain protest procedures including mailed notice of the public hearing and property owner protest balloting. Property owners through the balloting process must approve a proposed new or increased assessment before such an assessment may be imposed.

6. ASSESSMENT DIAGRAM

The parcels within the Landscaping and Lighting District No. 03 De Anza Estates consist of the lots, parcels and subdivisions of land located in the planned residential development known as De Anza Estates, Tract 2498. The District covers approximately seventy-six acres (75.76 acres) in the northern portion of the City of Atascadero.

The following map is based on the District Diagram, the San Luis Obispo County Assessor's Maps and the San Luis Obispo County Assessor's information and identifies the parcels of land within the proposed District, as the same existed at the time the District was formed. The combination of the District Diagram on file with the City Clerk and the Assessment Roll contained in this Report constitute the District Assessment Diagram.



CITY OF ATASCADERO

DE ANZA ESTATES

Street and Storm Drain Maintenance District No. 3

Landscaping and Lighting District No. 3



7. ASSESSMENT ROLL

Parcel identification for each lot or parcel within the District is based on the Assessment Diagram presented herein and is based on available parcel maps and property data from the San Luis Obispo County Assessor's Office at the time the Engineer's Report was prepared. A listing of the lots and parcels to be assessed within this District along with the assessment amounts is provided herein.

Non-assessable lots or parcels may include, but are not limited to public streets and other roadways (typically not assigned an APN by the County); dedicated public easements, open space areas, right-of-ways, common areas; landlocked parcels, small parcels vacated by the County, bifurcated lots, and any other property that can not be developed or has little or no value. These types of parcels are considered to receive little or no benefit from the improvements and are therefore exempted from assessment.

If any parcel submitted for collection is identified by the County Auditor/Controller to be an invalid parcel number for the fiscal year, a corrected parcel number and/or new parcel numbers will be identified and resubmitted to the County Auditor/Controller. The assessment amount to be levied and collected for the resubmitted parcel or parcels shall be based on the method of apportionment and assessment rate described in this Report as approved by the City Council. Therefore, if a single parcel is subdivided to multiple parcels, the assessment amount applied to each of the new parcels shall be recalculated and applied according to the approved method of apportionment and assessment rate rather than a proportionate share of the original assessment.

The following is a list of the parcels and assessment amounts for each of the parcels within the District as determined by the assessment rates and method of apportionment described herein.

CITY OF ATASCADERO
Landscaping and Lighting District No. 03
(De Anza Estates)
 Fiscal Year 2018/2019 Assessment Roll

| Assessor's Parcel Number | Equivalent Benefit Units | Maximum Assessment | Proposed Assessment |
|-------------------------------------|-------------------------------------|-------------------------------|--------------------------------|
| 049-043-003 | 0 | \$ - | \$ - |
| 049-043-004 | 0 | - | - |
| 049-044-002 | 1 | 1,301.70 | 250.00 |
| 049-044-003 | 1 | 1,301.70 | 250.00 |
| 049-044-004 | 1 | 1,301.70 | 250.00 |
| 049-044-005 | 1 | 1,301.70 | 250.00 |
| 049-044-006 | 1 | 1,301.70 | 250.00 |
| 049-044-007 | 1 | 1,301.70 | 250.00 |
| 049-044-008 | 1 | 1,301.70 | 250.00 |
| 049-044-009 | 1 | 1,301.70 | 250.00 |
| 049-044-010 | 1 | 1,301.70 | 250.00 |
| 049-044-011 | 1 | 1,301.70 | 250.00 |
| 049-044-012 | 1 | 1,301.70 | 250.00 |
| 049-044-013 | 1 | 1,301.70 | 250.00 |
| 049-044-014 | 1 | 1,301.70 | 250.00 |
| 049-044-015 | 1 | 1,301.70 | 250.00 |
| 049-044-016 | 1 | 1,301.70 | 250.00 |
| 049-044-017 | 1 | 1,301.70 | 250.00 |
| 049-044-018 | 1 | 1,301.70 | 250.00 |
| 049-044-019 | 1 | 1,301.70 | 250.00 |
| 049-044-020 | 1 | 1,301.70 | 250.00 |
| 049-044-021 | 1 | 1,301.70 | 250.00 |
| 049-044-022 | 1 | 1,301.70 | 250.00 |
| 049-044-023 | 1 | 1,301.70 | 250.00 |
| 049-044-024 | 1 | 1,301.70 | 250.00 |
| 049-044-025 | 1 | 1,301.70 | 250.00 |
| 049-044-026 | 1 | 1,301.70 | 250.00 |
| 049-044-033 | 1 | 1,301.70 | 250.00 |
| 049-046-001 | 0 | - | - |
| 049-046-002 | 0.625 | 813.56 | 156.25 |
| 049-046-003 | 0.625 | 813.56 | 156.25 |
| 049-046-004 | 0.625 | 813.56 | 156.25 |
| 049-046-005 | 0.625 | 813.56 | 156.25 |
| 049-046-006 | 0.625 | 813.56 | 156.25 |
| 049-046-007 | 0.625 | 813.56 | 156.25 |
| 049-046-008 | 0.625 | 813.56 | 156.25 |
| 049-046-009 | 0.625 | 813.56 | 156.25 |



| Assessor's Parcel Number | Equivalent Benefit Units | Maximum Assessment | Proposed Assessment |
|-----------------------------|-----------------------------|-----------------------|------------------------|
| 049-046-010 | 0.625 | 813.56 | 156.25 |
| 049-046-011 | 0.625 | 813.56 | 156.25 |
| 049-046-012 | 0.625 | 813.56 | 156.25 |
| 049-046-013 | 0.625 | 813.56 | 156.25 |
| 049-046-014 | 0.625 | 813.56 | 156.25 |
| 049-046-015 | 0.625 | 813.56 | 156.25 |
| 049-046-016 | 0.625 | 813.56 | 156.25 |
| 049-046-017 | 0.625 | 813.56 | 156.25 |
| 049-046-018 | 0.625 | 813.56 | 156.25 |
| 049-046-019 | 0.625 | 813.56 | 156.25 |
| 049-046-020 | 0.625 | 813.56 | 156.25 |
| 049-046-021 | 0.625 | 813.56 | 156.25 |
| 049-046-022 | 0.625 | 813.56 | 156.25 |
| 049-046-023 | 0.625 | 813.56 | 156.25 |
| 049-046-024 | 0.625 | 813.56 | 156.25 |
| 049-046-025 | 0.625 | 813.56 | 156.25 |
| 049-046-026 | 0.625 | 813.56 | 156.25 |
| 049-046-027 | 0.625 | 813.56 | 156.25 |
| 049-046-028 | 0.625 | 813.56 | 156.25 |
| 049-046-029 | 0.625 | 813.56 | 156.25 |
| 049-046-030 | 0.625 | 813.56 | 156.25 |
| 049-046-031 | 0.625 | 813.56 | 156.25 |
| 049-046-032 | 0.625 | 813.56 | 156.25 |
| 049-046-033 | 0.625 | 813.56 | 156.25 |
| 049-046-034 | 0.625 | 813.56 | 156.25 |
| 049-046-035 | 0.625 | 813.56 | 156.25 |
| 049-046-036 | 0.625 | 813.56 | 156.25 |
| 049-046-037 | 0.625 | 813.56 | 156.25 |
| 049-046-038 | 0.625 | 813.56 | 156.25 |
| 049-046-039 | 0.625 | 813.56 | 156.25 |
| 049-046-040 | 0.625 | 813.56 | 156.25 |
| 049-046-041 | 0.625 | 813.56 | 156.25 |
| 049-046-042 | 0.625 | 813.56 | 156.25 |
| 049-046-043 | 0.625 | 813.56 | 156.25 |
| 049-046-044 | 0.625 | 813.56 | 156.25 |
| 049-046-045 | 0.625 | 813.56 | 156.25 |
| 049-046-046 | 0.625 | 813.56 | 156.25 |
| 049-046-047 | 0.625 | 813.56 | 156.25 |
| 049-046-048 | 0.625 | 813.56 | 156.25 |
| 049-046-049 | 0.625 | 813.56 | 156.25 |
| 049-046-050 | 0.625 | 813.56 | 156.25 |
| 049-046-051 | 0.625 | 813.56 | 156.25 |



| Assessor's Parcel Number | Equivalent Benefit Units | Maximum Assessment | Proposed Assessment |
|-----------------------------|-----------------------------|-----------------------|------------------------|
| 049-046-052 | 0.625 | 813.56 | 156.25 |
| 049-046-053 | 0.625 | 813.56 | 156.25 |
| 049-046-054 | 0.625 | 813.56 | 156.25 |
| 049-046-055 | 0.625 | 813.56 | 156.25 |
| 049-046-056 | 0.625 | 813.56 | 156.25 |
| 049-046-057 | 0.625 | 813.56 | 156.25 |
| 049-046-058 | 0.625 | 813.56 | 156.25 |
| 049-046-059 | 0.625 | 813.56 | 156.25 |
| 049-046-060 | 0.625 | 813.56 | 156.25 |
| 049-046-061 | 0.625 | 813.56 | 156.25 |
| Totals | 63.5 | \$ 82,657.95 | \$ 15,875.00 |

(1) Slight variance in charge or total budget are due to rounding for placement on the tax rolls.





Atascadero City Council

Staff Report – Administrative Services Department

Las Lomas (Woodridge) Assessment Districts

RECOMMENDATIONS:

Council:

1. Adopt Draft Resolution A initiating proceedings for the levy and collection of annual assessments for Atascadero Street and Storm Drain Maintenance District No. 02 (Woodridge) for fiscal year 2018/2019.
2. Adopt Draft Resolution B accepting and preliminarily approving the Engineer's Annual Levy Report regarding the Atascadero Street and Storm Drain Maintenance District No. 02 (Woodridge).
3. Adopt Draft Resolution C declaring the City's intention to levy and collect annual assessments within Atascadero Street and Storm Drain Maintenance District No. 02 (Woodridge) in fiscal year 2018/2019, and to appoint a time and place for the public hearing on these matters.
4. Adopt Draft Resolution D initiating proceedings for annual levy of assessments for the Atascadero Landscaping and Lighting Maintenance District No. 02 (Woodridge) for fiscal year 2018/2019 pursuant to the provisions of Part 2 of Division 15 of the California Streets and Highways Code.
5. Adopt Draft Resolution E for preliminary approval of the Annual Engineer's Levy Report for the Atascadero Landscaping and Lighting Maintenance District No. 02 (Woodridge) for fiscal year 2018/2019.
6. Adopt Draft Resolution F declaring the City's intention to levy and collect assessments for the Atascadero Landscaping and Lighting Maintenance District No. 02 (Woodridge) for fiscal year 2018/2019, and to appoint a time and place for the public hearing on these matters.

REPORT-IN-BRIEF:

The City Council formed and began assessing Atascadero Street and Storm Drain Maintenance District No. 02 (Woodridge) in 2005. This district was formed to provide funding for future routine maintenance of the streets, storm drains and sidewalks in the Woodridge subdivision.

The City Council also formed and began assessing Atascadero Landscape and Lighting Maintenance District No. 02 (Woodridge) in 2005. This district was formed to provide for funding and maintenance of street trees, open space, park area, medians, walkways, paths and other landscape and lighting improvements within the Woodridge subdivision.

The Woodridge subdivision is now known as Las Lomas. The Assessment Districts were formed and named when the area was known as the Woodridge development. All references to Woodridge are now understood to mean the development known as Las Lomas.

NBS, an independent financial consultant, was hired to prepare the engineer’s report for the two districts. The engineer’s report and the levies must be approved by Council annually. This is done in a two-step process. Tonight, there are three resolutions for each district (a total of 6 resolutions in all) that must be passed in order to continue the assessments within the districts. The resolutions passed tonight will also establish the date and time for the public hearing. The public hearing is tentatively scheduled for June 12, 2018, at 6:00 p.m. or soon thereafter, at which time the final resolutions will be presented to the Council for passage.

The proposed assessments for fiscal year 2018/2019 are less than the Maximum Assessment Rate. In accordance with the formula voters of the district adopted in 2005, the City may increase the Maximum Assessment Rate for inflation by the greater of the Consumer Price Index (CPI) or 3.0%. The Maximum Assessment Rate was increased by 3.6% this year for both districts. The Landscape and Lighting District has a surplus fund balance, so the City staff held a neighborhood meeting to receive input from property owners as to the preference on how to treat the surplus. The property owners in attendance agreed on an assessment of about 15% of the allowable maximum annual assessments for the Landscaping and Lighting District, and about 52% of the Street and Storm Drain District.

| District | Amount Per EBU Maximum Assessment Fiscal Year 2018-19 | Amount Per EBU Proposed Assessment Fiscal Year 2018-19 |
|--|---|--|
| Atascadero Street and Storm Drain Maintenance District No. 02 Las Lomas | \$ 739.84 | \$ 382.00 |
| Atascadero Landscaping and Lighting Maintenance District No. 02 Las Lomas | \$ 1,837.24 | \$ 275.00 |

FISCAL IMPACT:

Annual assessments for 2018/2019 will total \$88,528 for road/drainage system maintenance and \$63,731 for landscape and lighting maintenance. These amounts will be assessed to the owners of parcels in Las Lomas (Woodridge). The City General Fund will contribute \$1,250 for the fiscal year 2018/2019 for 25% of the maintenance costs of the trails and open space.

ATTACHMENTS:

1. **Draft Resolution A** - initiating proceedings for the levy and collection of annual assessments for Atascadero Street and Storm Drain Maintenance District No. 02 (Woodridge) for fiscal year 2018/2019
2. **Draft Resolution B** - accepting and preliminarily approving the Engineer's Annual Levy Report regarding the Atascadero Street and Storm Drain Maintenance District No. 02 (Woodridge)
3. **Draft Resolution C** - declaring the City's intention to levy and collect annual assessments within Atascadero Street and Storm Drain Maintenance District No. 02 (Woodridge) in fiscal year 2018/2019, and to appoint a time and place for the public hearing on these matters
4. **Engineer's Annual Levy Report**- for the levy and collection of fiscal year 2018/2019 assessments for Atascadero Street and Storm Drain Maintenance District No. 02 (Woodridge)
5. **Draft Resolution D** - initiating proceedings for annual levy of assessments for the Atascadero Landscaping and Lighting Maintenance District No. 02 (Woodridge) for fiscal year 2018/2019 pursuant to the provisions of Part 2 of Division 15 of the California Streets and Highways Code
6. **Draft Resolution E** - preliminary approval of the Annual Engineer's Levy Report for Atascadero Landscaping and Lighting Maintenance District No. 02 (Woodridge) for fiscal year 2018/2019
7. **Draft Resolution F** - declaring the City's intention to levy and collect assessments for the Atascadero Landscaping and Lighting Maintenance District No. 02 (Woodridge) for fiscal year 2018/2019
8. **Engineer's Annual Levy Report**- for the levy and collection of fiscal year 2018/2019 assessments for Atascadero Landscaping and Lighting District No. 02 (Woodridge)

DRAFT RESOLUTION A

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
ATASCADERO, CALIFORNIA, INITIATING PROCEEDINGS FOR THE
LEVY AND COLLECTION OF ANNUAL ASSESSMENTS FOR
ATASCADERO STREET AND STORM DRAIN MAINTENANCE
DISTRICT NO. 02 (WOODRIDGE) FOR FISCAL YEAR 2018/20189**

The City Council of the City of Atascadero (hereafter referred to as “City Council”) hereby finds, determines, resolves and orders as follows:

WHEREAS, the City Council pursuant to the provisions of the *Benefit Assessment Act of 1982, Chapter 6.4 of the California Government Code, beginning with Section 54703* (hereafter referred to as the “1982 Act”) formed an assessment district to be designated as Atascadero Street and Storm Drain Maintenance District No. 02 (Woodridge) (hereafter referred to as the “District”), for the purpose of funding the ongoing operation, maintenance and servicing of public streets, sidewalks, storm drain and flood control facilities installed in conjunction with the development of properties known as Tract 2525-1; and to levy and collect annual assessments related thereto. The 1982 Act provides for the formation of such an assessment district pursuant to *Article 3 Section 54710*, and provides for the levy and collection of assessments by the County on behalf of the City pursuant to *Article 4 Section 54718*; and

WHEREAS, the City Council has retained NBS as the Engineer of Work, for the purpose of assisting with the administration of the District, the establishment of annual assessments, and to prepare and file an Engineer’s Report with the City Clerk in accordance with the 1982 Act; and in accordance with the requirements of the *California Constitution, Articles XIII C and XIII D*.

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Atascadero as follows:

SECTION 1. The City Council hereby orders the Engineer to prepare and file an Engineer’s Annual Levy Report concerning the levy of assessments for properties within the District as specified by *Article 4 Section 54716* of the 1982 Act.

SECTION 2. The District improvements include the ongoing operation, administration, maintenance and servicing of the public streets, drainage and flood control systems and appurtenant facilities authorized pursuant to the 1982 Act that were installed as part of property development and associated with the District. Said improvements may include, but are not limited to pavement, curbs, sidewalks, hardscape, bridges, fencing, signage, drains, pipes, inlets, outlets, catch basins, drainage basins, manholes, and associated appurtenant facilities located within the public street right-of-ways and other public easements within the District.

SECTION 3. The territory within Atascadero Street and Storm Drain Maintenance District No. 02 (Woodridge) consists of lots, parcels and subdivisions of land located in the development known as Tract 2525-1.

PASSED AND ADOPTED at a regular meeting of the City Council held on the ___th day of ____, 2018.

On motion by Council Member _____ and seconded by Council Member _____, the foregoing Resolution is hereby adopted in its entirety on the following roll call vote:

- AYES:
- NOES:
- ABSENT:

CITY OF ATASCADERO

Tom O'Malley, Mayor

ATTEST:

Lara K. Christensen, City Clerk

APPROVED AS TO FORM:

Brian A. Pierik, City Attorney

DRAFT RESOLUTION B

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
ATASCADERO, CALIFORNIA, ACCEPTING AND PRELIMINARILY
APPROVING THE ENGINEER’S ANNUAL LEVY REPORT REGARDING
THE ATASCADERO STREET AND STORM DRAIN MAINTENANCE
DISTRICT NO. 02 (WOODRIDGE)**

The City Council of the City of Atascadero (hereafter referred to as “City Council”) hereby finds, determines, resolves and orders as follows:

WHEREAS, the City Council has, by previous Resolution, ordered the preparation of an Engineer’s Annual Levy Report (hereafter referred to as the “Report”) regarding the assessment district to be designated as the Atascadero Street and Storm Drain Maintenance District No. 02 (Woodridge) (hereafter referred to as the “District”), and the levy and collection of assessments related thereto, pursuant to the provisions of the *Benefit Assessment Act of 1982, Chapter 6.4 of the California Government Code, beginning with Section 54703* (hereafter referred to as the “1982 Act”); and

WHEREAS, there has now been presented to this City Council the Report as specified by *Article 4 Section 54716* of said 1982 Act; and

WHEREAS, the City Council has carefully examined and reviewed the Report as presented, and is preliminarily satisfied with the District and the budget items and documents as set forth therein, and is satisfied that the proposed assessments have been spread in accordance with the special benefits received from the improvements, operation, administration, maintenance and services to be performed within the District, as set forth in said Report.

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Atascadero as follows:

SECTION 1. The preceding recitals are true and correct.

SECTION 2. That the Report as presented, consists of the following:

- a. A Description of Improvements.
- b. A Boundary Diagram of the District.
- c. The Method of Apportionment that details the method of calculating each parcel’s proportional special benefits and annual assessment.
- d. The proposed Budget (Costs and Expenses) and the duration and collection of assessments.
- e. The District Roll containing the Levy for each Assessor Parcel Number within the District for fiscal year 2018/2019.

SECTION 3. The Report is hereby approved on a preliminary basis, and ordered to be filed in the Office of the City Clerk as a permanent record and to remain open to public inspection.

SECTION 4. The Maximum Assessment described in the Report is hereby approved on a preliminary basis.

SECTION 5. The City Clerk shall certify to the passage and adoption of this Resolution, and the minutes of this meeting shall so reflect the presentation of the Report.

PASSED AND ADOPTED at a regular meeting of the City Council held on the ___th day of ____, 2018.

On motion by Council Member _____ and seconded by Council Member _____, the foregoing Resolution is hereby adopted in its entirety on the following roll call vote:

AYES:
NOES:
ABSENT:

CITY OF ATASCADERO

Tom O'Malley, Mayor

ATTEST:

Lara K. Christensen, City Clerk

APPROVED AS TO FORM:

Brian A. Pierik, City Attorney

DRAFT RESOLUTION C

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ATASCADERO, CALIFORNIA, DECLARING ITS INTENTION TO LEVY AND COLLECT ANNUAL ASSESSMENTS WITHIN ATASCADERO STREET AND STORM DRAIN MAINTENANCE DISTRICT NO. 02 (WOODRIDGE) IN FISCAL YEAR 2018/2019, AND TO APPOINT A TIME AND PLACE FOR THE PUBLIC HEARING ON THESE MATTERS

The City Council of the City of Atascadero (hereafter referred to as “City Council”) hereby finds, determines, resolves and orders as follows:

WHEREAS, the City Council pursuant to the provisions of the *Benefit Assessment Act of 1982, Chapter 6.4 of the California Government Code, beginning with Section 54703* (hereafter referred to as the “1982 Act”) did by previous Resolution approve the levy and collection of annual assessments to pay for the operation, maintenance and servicing of public streets, drainage and flood control systems and appurtenant facilities related thereto for the assessment district designated as Atascadero Street and Storm Drain Maintenance District No. 02 (Woodridge) (hereafter referred to as the “District”); and

WHEREAS, the Engineer selected by the City Council has prepared and filed with the City Clerk a Report in connection with the proposed District, and the levy of assessments for Fiscal Year 2018/2019 (July 1, 2018 and ending June 30, 2019) in accordance with *Chapter 1, Article 4* of the 1982 Act and in accordance with the requirements of the *California Constitution, Articles XIII C and XIII D*, and the City Council did by previous Resolution preliminarily approve such Report.

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Atascadero as follows:

SECTION 1. The City Council hereby declares its intention to seek the annual levy of the District pursuant to the 1982 Act, over and including the land within the District boundary, and to levy and collect special benefit assessments on parcels of land within the District to pay for the costs and expenses associated with the operation, maintenance, repair and servicing of public streets, drainage and flood control systems and appurtenant facilities related thereto.

SECTION 2. The District improvements include the ongoing operation, administration, maintenance and servicing of the public streets, drainage and flood control systems and appurtenant facilities authorized pursuant to the 1982 Act that were installed as part of property development and associated with the District. Said improvements may include, but are not limited to pavement, curbs, sidewalks, hardscape, bridges, fencing, signage, drains, pipes, inlets, outlets, catch basins, drainage basins, manholes, and associated appurtenant facilities located within the public street right-of-ways and other public easements within the District. The Engineer’s Report, as ordered by previous Resolution, provides a full and complete description of the improvements within the District.

SECTION 3. The proposed territory within Street and Storm Drain Maintenance District No. 02 (Woodridge) consists of lots, parcels and subdivisions of land located in the development known as Tract 2525-1.

SECTION 4. The proposed assessments for the District are outlined in the Engineer's Report. The Report details the proposed assessments necessary to provide for the annual operation, administration, services and maintenance of the improvements described in Section 2 of this Resolution.

SECTION 5. Notice is hereby given that a Public Hearing on these matters will be held by the City Council on Tuesday, June 12, 2018 at 6:00 p.m. or as soon thereafter as feasible in the regular meeting chambers of the City Council located at 6500 Palma Avenue, Atascadero, California. At the Public Hearing, all interested persons shall be given an opportunity to hear and be heard on the proposed assessment to be levied for fiscal year 2018/2019 as contained in the Engineer's Report on file in the City Clerk's Office.

SECTION 6. The City Clerk shall give notice of the filing of the report and the time and place of the Public Hearing by publishing in a local newspaper one time at least 10 days prior to the Public Hearing.

PASSED AND ADOPTED at a regular meeting of the City Council held on the ___th day of ____, 2018.

On motion by Council Member _____ and seconded by Council Member _____, the foregoing Resolution is hereby adopted in its entirety on the following roll call vote:

AYES:
NOES:
ABSENT:

CITY OF ATASCADERO

Tom O'Malley, Mayor

ATTEST:

Lara K. Christensen, City Clerk

APPROVED AS TO FORM:

Brian A. Pierik, City Attorney

CITY OF ATASCADERO

Street and Storm Drain Maintenance District No. 02 (Las Lomas) 2018/19 Annual Report May 2018

OFFICE LOCATIONS:

Temecula – Corporate Headquarters
32605 Temecula Parkway, Suite 100
Temecula, CA 92592

San Francisco – Regional Office
870 Market Street, Suite 1223
San Francisco, CA 94102

California Satellite Offices
Atascadero, Davis
Huntington Beach,
Joshua Tree, Riverside
Sacramento, San Jose

www.nbsgov.com

Prepared by:



CITY OF ATASCADERO
Street and Storm Drain Maintenance District No. 02
Las Lomas (Woodridge)

6500 Palma Avenue
Atascadero, CA 93422
Phone – (805) 461-5000
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CITY COUNCIL

Tom O'Malley, Mayor

Roberta Fonzi, Mayor Pro Tem

Charles Bourbeau, Council Member

Heather Moreno, Council Member

Brian Sturtevant, Council Member

AGENCY STAFF

Rachelle Rickard, City Manager

Jeri Rangel, Administrative Services Director

Cindy Chavez, Deputy Director of Administrative Services

NBS

Danielle Wood, Client Services Director

Adina McCargo, Senior Consultant

TABLE OF CONTENTS

- 1. Engineer’s Letter..... 1-1**
- 2. Executive Summary 2-1**
- 3. Plans and Specifications..... 3-1**
 - Benefiting Properties within the District..... 3-1
 - Funding Authorized by The 1982 Act 3-1
 - Description of Improvements and Services 3-1
- 4. Estimate of Costs 4-1**
- 5. Method of Assessment 5-1**
 - General..... 5-1
 - Benefit Analysis..... 5-1
 - Assessment Methodology..... 5-2
 - Assessment Range Formula 5-5
- 6. Assessment Diagram..... 6-1**
- 7. Assessment Roll..... 7-1**

1. ENGINEER’S LETTER

WHEREAS, on March 24, 2005 by Resolution No. 2005-048, the City Council of the City of Atascadero (the “City”), State of California, in accordance with and pursuant to the provisions of the Benefit Assessment Act of 1982, being Chapter 6.4 of the California Government Code, commencing with Section 54703 (hereafter referred to as the “1982 Act”), and in compliance with the substantive and procedural requirements of the California State Constitution Article XIII D (hereafter referred to as the “California Constitution”), established the City of Atascadero Street and Storm Drain Maintenance District No. 02 Las Lomas (Woodridge) (the “District”); and

WHEREAS, on May 8, 2018, the City Council, under the 1982 Act, adopted its Resolution Initiating Proceedings for the Annual Levy of Assessments and Ordering the Preparation of an Engineer’s Report for the District; and

WHEREAS, the Resolution Initiating Proceedings directed NBS to prepare and file a report describing the general nature, location, and extent of the improvements to be maintained; an estimate of the costs of the maintenance, operations, and servicing of the improvements for the District for the referenced fiscal year; a diagram for the District, showing the area and properties to be assessed; and an assessment of the estimated costs of the administration, maintenance, operations, and servicing the improvements, assessing the net amount upon all assessable lots and/or parcels within the District in proportion to the special benefit received.

NOW THEREFORE, the assessments as detailed in this Engineer’s Report and as summarized in the table below are made to cover the portion of the estimated costs of maintenance, operation and servicing of the improvements to be paid by the assessable real property within the District in proportion to the special benefit received. The following table summarizes the proposed assessment for Fiscal Year 2018/19:

FY 2018/19 Summary of Assessment

| Description | Amount |
|---|-----------------|
| Estimated Annual Costs | \$20,100 |
| Capital Reserve Collection/(Uses) | 114,270 |
| Levy Adjustments | (45,841) |
| Balance to Levy | \$88,529 |
| Fiscal Year 2018/19 Maximum Rate | \$739.84 |
| Fiscal Year 2018/19 Proposed Applied Rate | \$382.00 |

I, the undersigned, respectfully submit the enclosed Engineer’s Report and, to the best of my knowledge, information, and belief, the Engineer’s Report, Assessments, and the Assessment Diagram herein have been prepared, computed, and levied in accordance with the assessment methodology adopted, approved, and ordered by the City Council of the City of Atascadero and the 1982 Act.

 City Engineer

2. EXECUTIVE SUMMARY

Pursuant to the provisions of the *Benefit Assessment Act of 1982, being Chapter 6.4 of the California Government Code, commencing with Section 54703* (hereafter referred to as the “1982 Act”), and in compliance with the substantive and procedural requirements of the *California State Constitution Article XIII D* (hereafter referred to as the “California Constitution”), the City Council of the City of Atascadero, County of San Luis Obispo, State of California (hereafter referred to as “City”), proposed to form and levy special benefit assessments for the district designated as:

Street and Storm Drain Maintenance District No. 02 Las Lomas (Woodridge)

(hereafter referred to as the “District”), which includes the lots and parcels of land within the residential subdivision known as Las Lomas (Woodridge), Tract 2525-1 within the City limits of the City. This Engineer’s Report (hereafter referred to as the “Report”) has been prepared in connection with the levy and collection of annual assessments related thereto for fiscal year 2018/19.

The City Council formed the District, and provided for the levy and collection of annual assessments on the County tax rolls to provide ongoing funding for the costs and expenses required to service and maintain the street and storm drain improvements and facilities associated with and resulting from the development of properties within the District. The improvements to be provided by the District and the assessments described herein are made pursuant to the 1982 Act and the substantive and procedural provisions of the California Constitution.

This Report describes the District, the improvements, and the proposed assessments to be levied against properties in connection with the special benefits the properties will receive from the maintenance and servicing of the District improvements and facilities. The annual assessments described herein will provide a funding source for the continued operation and maintenance of streets, storm drain system and appurtenant facilities installed in connection with the development of properties within the District.

The improvements and assessments described in this Report are based on the development of properties within the District and represent an estimate of the direct expenditures, incidental expenses, and fund balances that will be necessary to maintain and service the streets and storm drain system that provides special benefits to properties within the District. The structure of the District (organization), the improvements, the method of apportionment, and assessments described herein are based on current development plans and specifications for Tract 2525-1; and by reference these plans and specifications are made part of this Report.

The word “parcel,” for the purposes of this Report, refers to an individual property assigned its own Assessor’s Parcel Number (APN) by the San Luis Obispo County Assessor’s Office. The San Luis Obispo County Auditor/Controller uses Assessor’s Parcel Numbers and specific Fund Numbers to identify properties to be assessed on the tax roll for the special benefit assessments.

As part of this District’s formation, the City conducted a Property Owner Protest Ballot proceeding for the proposed levy of a new assessment pursuant to the provisions of the *California Constitution, Article XIII D Section 4*. In conjunction with this ballot proceeding, the City Council conducted a noticed public hearing to consider public testimonies, comments and written protests regarding the formation of the District and levy of assessments. Upon conclusion of the public hearing, property owner protest ballots received were opened and tabulated to determine whether majority protest existed (ballots were weighted based on

assessment amounts), and by resolution the City Council confirmed the results of the ballot tabulation. The tabulation of the ballots indicated that majority protest did not exist for the proposed assessments and the assessment range formula presented and described herein; therefore, the City Council approved the Report (as submitted or amended), ordered the formation of the District, and approved the levy and collection of assessments. The assessments for fiscal year 2005/2006 were submitted to the San Luis Obispo County Auditor/Controller for inclusion on the property tax roll for each parcel.

Each subsequent fiscal year, a Report shall be prepared and presented to the City Council describing any changes to the improvements, proposed services, the annual budget or assessments for that fiscal year and the City Council may hold a noticed public hearing regarding these matters prior to approving and ordering the proposed levy of assessments. If the proposed assessments for the District exceed the maximum assessment described herein (as approved by the property owners), the new or increased assessment must be confirmed through another property owner protest ballot proceeding before such an assessment may be imposed. It should be noted that an increased assessment to an individual property resulting from changes in development or land use does not constitute an increased assessment.

3. PLANS AND SPECIFICATIONS

Benefiting Properties within the District

The territory within the District consists of the lots, parcels and subdivisions of land within the proposed residential subdivision known as the Las Lomas (Woodridge), Tract 2525-1, which encompasses an area of land totaling approximately one hundred twenty-two acres (121.65 acres).

This residential subdivision is planned to include one hundred forty-three (143) single-family residential units; thirty-five (35) condominium/senior housing units; and a single one hundred (100) unit multi-family residential project at build-out. Due to parcel splits the multi-family residential project is spread over three parcels. The planned subdivision is situated in the southeast portion of the City of Atascadero and is generally located:

- South and east of Halcon Road;
- East of Highway 101 and El Camino Real
- South and west of the Southern Pacific Railroad Tracks; and
- North of Salinas Road and Santa Cruz Road

Funding Authorized by The 1982 Act

As generally defined by the Benefit Assessment Act of 1982 and applicable to this District, the City may impose a benefit assessment to finance the maintenance and operation costs of the following services:

- 1) Drainage and Flood Control;
- 2) Streets and Roads.

In addition to imposing a benefit assessment for the annual maintenance and operation of the District improvements, the City may also authorize an assessment or utilize existing assessment revenues to finance the installation, construction or replacement of drainage and flood control facilities as well as the street and road improvements (with some limitations). While such activities are permitted under the 1982 Act, the budget and assessments for this District only provide for normal maintenance and operation of the improvements. Since most major rehabilitation/construction projects result from unforeseen damages, the extent and cost of such projects are not easily predicted and to accumulate funds as part of the normal annual assessments would not be reasonable. If such funding becomes necessary, the City may present a new or increased assessment to the property owners to support the projects.

Description of Improvements and Services

The purpose of this District is to fund the activities necessary to maintain and service the local streets and the drainage and flood control systems constructed and installed in connection with development of properties within the residential subdivision known as Las Lomas (Woodridge), Tract 2525-1 pursuant to approved development plans and agreements. The improvements may consist of all or a portion of the public streets, drainage and flood control facilities associated with Tract 2525-1 and the maintenance of these improvements may include but are not limited to the materials, equipment, labor, and incidental expenses deemed necessary to keep these improvements in satisfactory condition. The maintenance of the improvements and related

activities shall be funded entirely or partially through the District assessments. Not all improvements have been fully accepted by the City. It is anticipated that will occur within the next fiscal year at which time the costs of maintenance for those improvements will be charged to the district. The District improvements and services are generally described as:

- Street maintenance that may include but is not limited to the repair and servicing of street surfaces, curbs, gutters, bridges, driveway approaches, sidewalks, barricades, delineation, signage or other facilities within the public street right-of-ways installed in connection with the development of properties in Tract 2525-1 and that have been dedicated to the City;
- Storm drain and flood control maintenance that may include but is not limited to inspection, repair and servicing of drainage basins, inlets, catch basins, manholes, outlets, drywells, pumps, filters and storm drain pipes installed in connection with the development of properties of Tract 2525-1 as well as any off-site improvements and facilities directly associated with the aforementioned infrastructure that is deemed necessary to service or protect the properties including waste water treatment;
- The appurtenant, equipment, materials and service contracts related to the aforementioned improvements and facilities;
- Specifically excluded are those improvements or facilities: located on private property or common areas; that may be provided or maintained by an agency other than the City; that may be provided by another assessment or tax levied by the City; or that may be provided and maintained by a Homeowner's Association or similar entity.

Detailed maps and descriptions of the location and extent of the specific improvements to be maintained by the District are on file in the Office of Public Works and by reference are made part of this Report. Those portions of the District improvements that may be identified as general benefit or will be funded in whole or in part by other revenue sources as part of the approved development agreements, will not be included as part of the District assessments. The net annual cost to provide and maintain the improvements determined to be of special benefit shall be allocated to each property in proportion to the special benefits received.

Street Maintenance

The street maintenance program may include, but is not limited to: the repair of potholes, cracks or other failures in the asphalt surface; repair or replacement of curbs, gutters, driveway approaches and sidewalks as required as part of maintaining the streets; repair or installation of street signs, barricades, fencing or other delineation; mechanized sweeping and cleaning of the streets and gutters; slurry sealing, overlays and re-striping of the street surfaces. The specific activities and timing of various street and road maintenance services shall be determined by the City's Public Works Department as necessary to extend the life of the streets or to improve traffic circulation and safety as available funding permits. Specifically the street improvements for this District are identified as:

- Approximately 290,610 square feet of asphalt street surface located on the various interior streets identified as Calle Milano, Eliano Street, Via Cielo, Avion Road, Alcotan Lane, and Azor Lane;
- Approximately 13,750 linear feet of curb and gutter along Calle Milano, Eliano Street, Via Cielo, Avion Road, Alcotan Lane, and Azor Lane;
- Approximately 1,480 linear feet of curb and gutter in and around the median islands on Calle Milano and at Via Cielo;
- Approximately 145 driveway approaches, 45,264 square feet of sidewalks and various street signs within the District;

- Specifically not included as part of the street maintenance program are the costs associated with major replacements or reconstruction. Although the District assessments will provide funding for regular maintenance and servicing of the improvements that will extend the useful life of the street improvements, the assessments are not intended to fund major replacements or reconstruction of the street surfaces or adjacent improvements such as curbs, gutters or driveway approaches. The costs of extensive replacement or reconstruction activities such as grinding and resurfacing of the asphalt; and replacement of curbs, gutters driveway approaches and sidewalks is significantly more than the amount that can reasonably be collected annually under the provisions of the 1982 Act. When such repairs or activities are deemed necessary, the City will consider various financing options including new or increased assessments for property owner approval.

The Public Works Department shall authorize the operational activities and maintenance of the public street and right-of-way improvements, facilities and services that may include, but are not limited to:

- Regular street sweeping services necessary to control dirt and debris on street surfaces and gutters;
- Annual inspection of street surface and repair of potholes and surface cracks as needed;
- Periodic slurry or overly of street surfaces and driveway approaches (typically one or the other once every five years);
- Periodic re-striping of traffic lanes, bike lanes, street parking areas, crosswalks and intersections (typically in conjunction with slurry or overly activities);
- Graffiti abatement of public improvements within the street right-of-ways that are maintained by the District including but not limited to sandblasting, repainting and repair of fences, walls, barricades, sidewalks and signage as needed;
- Annual inspection and periodic repair or replacement of decorative street- pavers as needed;
- Annual inspection and minor repairs of curbs, gutters, driveway approaches and sidewalks including partial segment replacements as needed to ensure pedestrian and vehicle safety or the integrity of the street;
- Annual inspection and periodic repair or rehabilitation of street signs and traffic control devices;
- Annual inspection and repair of barricades, street-fencing, delineation or retaining walls within the street right-of-ways as needed.

A portion of the services described above are not performed on an annual basis but rather on a periodic basis, such as slurry sealing or overlaying the asphalt streets, and the funds necessary for these activities are collected in installments as part of the annual assessments. The monies collected each year for these services will be accumulated in a special fund of the District (Reserve Fund or Capital Improvement Fund). The monies accumulated for these activities shall be spent when sufficient funds have been accumulated to perform the services deemed necessary by the City (approximately every five years). This process of accumulating funds (installments) shall continue until such time the District is dissolved; or the City determines that such funding procedures require modification. Changes in the process of accumulating funds that would result in an increase to the annual assessment rate must be presented to the property owners for approval prior to imposing such an increase.

Storm Drain and Flood Control Maintenance

The storm drain and flood control system associated with the District may include but is not limited to: drainage basins and bio-filters; channel ways; storm drain inlets, catch basins, manholes, outlets; drywells, pumps, filters and pipes. The storm drain system to be maintained primarily involves on-site facilities

(within the District boundaries) but may also include off-site improvements such as water treatment equipment, facilities or services mandated or required by Federal, State or County regulations for water pollution control. The annual assessments for this District are intended to support a storm drain and flood control maintenance program that will adequately regulate and control storm water runoff resulting from the development of properties within the District. This maintenance program may include but is not limited to: inspection and documentation of the system; cleaning, servicing or repair of the facilities and equipment; and the partial replacement or rehabilitation of equipment and facilities. The storm drain and flood control system includes but is not limited to:

- Approximately 175,550 square feet of drainage basin area;
- Twenty-four (24) inlets, outlets and manholes located throughout Tract 2525-1;
- Approximately 4,965 linear feet of storm drain pipe ranging from 18 inches to 36 inches in diameter.

The Public Works Department shall authorize and schedule the operational activities and maintenance of the storm drain and storm water pollution treatment infrastructure, facilities and services that may include, but are not limited to:

- Cleaning of storm drain inlets, catch basins, manholes and pipes as needed;
- Stencil maintenance and documentation of facilities as required by Federal, State or County regulations;
- Cleaning and landscape maintenance of the drainage basins, bio-filter areas or channel ways as needed;
- Debris removal and pest control in and around the storm drain facilities as needed;
- Minor repairs and maintenance of the storm drain inlets, catch basins and outlets as needed;
- Street sweeping services necessary to control debris and water flow for the storm drain system; and,
- The operational costs related to NPDES compliance requirements.

A portion of the services described above are not performed on an annual basis but rather on a periodic basis such as minor repairs to the storm drain inlets, catch basins and outlets, and the funds necessary for these activities are collected in installments as part of the annual assessments. The monies collected each year for these services will be accumulated in a special fund of the District (Reserve Fund or Capital Improvement Fund). The monies accumulated for these activities shall be spent as needed to perform the services deemed necessary by the City. This process of accumulating funds (installments) shall continue until such time the District is dissolved; or the City determines that such funding procedures require modification. Changes in the process of accumulating funds that would result in an increase to the annual assessment rate must be presented to the property owners for approval prior to imposing such an increase.

4. ESTIMATE OF COSTS

| BUDGET | FY 2018/19 |
|--|-------------------|
| DIRECT COSTS | |
| Street, Roads & Storm Drain Improvements | |
| Drainage Maintenance Services | \$7,100 |
| Inspection & Operational Services - Roads, Drainage | 7,200 |
| Total Annual Direct Costs | \$14,300 |
| ADMINISTRATION EXPENSES | |
| City Annual Administration | \$2,000 |
| Engineer's Report & Services | 3,000 |
| Public Noticing | 800 |
| Total Annual Administration Costs | \$5,800 |
| TOTAL DIRECT & ADMINISTRATION COSTS | \$20,100 |
| CAPITAL RESERVE COLLECTIONS/(USES) | |
| Collection for Street Surface Activities | \$97,500 |
| Collection for Street Re-striping | 0 |
| Collection for Repair Activities: Curbs, Gutters, Approaches & Sidewalks | 12,500 |
| Collection for Debris Removal | 1,250 |
| Collection for Maintenance and Inspections: Bridges | 0 |
| Collection for Storm Drain Infrastructure | 3,020 |
| Total Annual Capital Reserve Collections/(Uses) | \$114,270 |
| LEVY ADJUSTMENTS | |
| Interest Income - Improvement Fund | (\$4,066) |
| Interest Income - Operating Reserve Fund | (134) |
| Improvement Fund (Use) | (41,641) |
| Operating Reserve Fund Collection (Use) | 0 |
| Total Levy Adjustments | (\$45,841) |
| BALANCE TO LEVY | \$88,529 |
| DISTRICT STATISTICS | |
| Total Parcels | 190 |
| Parcels Levied | 181 |
| Total EBU | 231.75 |
| Levy per EBU ⁽¹⁾ | \$382.00 |
| Maximum Levy per EBU | \$739.84 |
| FUND BALANCE INFORMATION | |
| Beginning Operating Reserve Balance | \$13,065 |
| Operational Reserve Interest | 134 |
| Use of Operational Reserve Interest | (134) |
| Operational Reserve Collection (Use) | 0 |
| Ending Operating Reserve Balance | \$13,065 |
| Beginning Improvement Fund Balance | \$324,513 |
| Improvement Fund Interest | 4,066 |
| Use of Improvement Fund Interest | (4,066) |
| Improvement Fund Collection (Use) | 72,629 |
| Ending Improvement Fund Balance | \$397,142 |

(1) Levy per EBU rate does not include the County of San Luis Obispo fee of \$2.00 per parcel

5. METHOD OF ASSESSMENT

General

The 1982 Act permits the establishment of assessment districts by agencies for the purpose of providing for the maintenance, operation and servicing of drainage and flood control improvements as well as streets, roads and appurtenant facilities. The 1982 Act further requires that the cost of these improvements be levied according to benefit rather than assessed value:

“The amount of the assessment imposed on any parcel of property shall be related to the benefit to the parcel which will be derived from the provision of the service”.

Furthermore:

“The annual aggregate amount of the assessment shall not exceed the estimated annual cost of providing the service, except that the legislative body may, by resolution, determine that the estimated cost of work authorized ... is greater than can be conveniently raised from a single annual assessment and order that the estimated cost shall be raised by an assessment levied and collected in installments.... The revenue derived from the assessment shall not be used to pay the cost of any service other than the service for which the assessment was levied.”

The method of apportionment described in this Report for allocation of special benefit assessments utilizes commonly accepted engineering practices in compliance with the provisions of the 1982 Act and the California Constitution. The formulas used for calculating assessments reflects the composition of parcels within the District and the improvements and services provided, to fairly apportion the costs based on the special benefits to each parcel.

Benefit Analysis

Each of the proposed improvements and services, and the associated costs and assessments have been carefully reviewed, identified and allocated based on special benefit pursuant to the provisions of the 1982 Act and the California Constitution. The street and storm drain improvements associated with this District were necessary and essential requirements for the orderly development of the properties within the District to their full potential, consistent with the development plans and applicable portions of the City General Plan. As such the ongoing operation, servicing and maintenance of those improvements would otherwise be the direct financial obligation of each individual property owner. Since each parcel to be assessed within the District could not have been developed in the absence of these improvements and facilities, each parcel has a direct investment in the proper maintenance of the improvements that is over and above any general benefits that may be conferred by such improvements and services.

The ongoing maintenance and servicing of the District improvements is an integral part of the appearance, use and preservation of the properties within the District and such services to be funded by annual assessments confer a particular and distinct special benefit to those parcels. The proper maintenance of streets and appurtenant facilities allows individual parcels to be used to their fullest extent by ensuring the safe and efficient movement of people and goods to and from the benefiting properties Likewise, the maintenance and servicing of the storm drain system ensures proper water flow and control of excess water during periods of rain, which is essential to preservation and protection of private property. Together the maintenance and servicing of the streets and storm drain system contributes to a specific enhancement of each of the parcels

within the District and the absence of adequate maintenance and servicing of the District improvements could eventually have a negative impact on properties within the District.

Although the improvements may include public streets and storm drain facilities that connect to similar facilities outside the District boundaries, it is clear that the construction and installation of these improvements were only necessary for the development of properties within the District. As such, these improvements were not required nor necessarily desired by any properties or developments outside the District boundary and any public access or use of the improvements by others is incidental. Therefore, it has been determined that the ongoing maintenance, servicing and operation of the District improvements provide no measurable general benefit to properties outside the District or to the public at large, but clearly provide distinct and special benefits to properties within the District. Any improvement or portion thereof (particularly off-site storm drain facilities) that may be considered general benefit shall be funded by other revenue sources and not included as part of the special benefit assessments allocated to properties within this District. However, the costs associated with installation or improvement of any off-site facilities that benefit the parcels within this District as well as other properties (shared benefit) may be allocated to the parcels within the District based on their proportional special benefit from such improvements.

Assessment Methodology

The costs associated with the improvements and services shall be fairly distributed among the parcels based upon the special benefit received by each parcel. Additionally, in compliance with the California Constitution Article XIID Section 4, each parcel's assessment may not exceed the reasonable cost of the proportional special benefit conferred to that parcel. The benefit formula used to determine the assessment obligation is therefore based upon both the improvements that benefit the parcels within the District as well as the proposed land use of each property as compared to other parcels that benefit from those specific improvements.

The method of apportionment established for this District and described herein, reflects the proportional special benefit each property receives from the improvements and services based on the actual or proposed land use of that parcel as compared to other properties within the District based on similarities and differences in parcel land use.

Equivalent Benefit Units:

To assess benefits equitably it is necessary to relate each property's proportional special benefits to the special benefits of the other properties within the District. The method of apportionment established for most districts formed under the 1982 Act utilizes a weighted method of apportionment known as an Equivalent Benefit Unit (EBU) methodology that uses the single-family home site as the basic unit of assessment. A single-family home site equals one Equivalent Benefit Unit (EBU) and the other land uses are converted to a weighted EBU based on an assessment formula that equates the property's specific development status, type of development (land use), and size of the property, as compared to a single-family home site.

Although the Equivalent Benefit Unit method of apportioning special benefit is most commonly used and applied to districts that have a wide range of land use classifications (residential and non-residential use), this District is comprised of only residential properties and the following apportionment analysis of special benefit addresses only residential land uses. Not all land use types described in the following are necessarily applicable to the development of properties within this District, but are presented for comparison purposes to support the proportional special benefit applied to those land use types within the District

EBU Application by Land Use:

- (1) Single-family Residential** — This land use is defined as a fully subdivided residential home site with or without a structure. This land use is assessed 1.0 EBU per lot or parcel. This is the base value that the other properties are compared and weighted against (i.e. Equivalent Benefit Unit “EBU”).
- (2) Multi-family Residential** — This land use is defined as a fully subdivided residential parcel that has more than one residential unit developed on the property. (This land use typically includes apartments, duplexes, triplex etc., but does not generally include condominiums, town-homes or mobilehome parks). Based on average population densities and size of the structure as compared to a typical single-family residential unit, multi-family residential parcels shall be proportionately assessed for the parcel’s total number of residential units utilizing a sliding benefit scale. Although multi-family properties typically receive similar benefits to that of a single-family residential, it would not be reasonable to conclude that on a per unit basis, the benefits are equal. Studies have consistently shown that the average multi-family unit impacts infrastructure approximately 75% as much as a single-family residence (Sample Sources: Institute of Transportation Engineers Informational Report Trip Generation, Fifth Edition; Metcalf and Eddy, Wastewater Engineering Treatment, Disposal, Reuse, Third Edition). These various studies indicate that most public improvements and infrastructure are utilized and impacted at reduced levels by multi-family residential units and a similar reduction in proportional benefit is appropriate. Furthermore, it is also reasonable to conclude that as the density (number of units) increases, the proportional benefit per unit tends to decline because the unit size and people per unit usually decreases. Based on these considerations and the improvements provided by this District, an appropriate allocation of special benefit for multi-family residential properties as compared to a single-family residential property is best represented by the following special benefit assignment: 0.75 EBU per unit for the first 50 units; 0.50 EBU per unit for units 51 through 100; and 0.25 EBU per unit for the remaining units.
- (3) Condominium/Town-home Units** — Condominiums and town-homes tend to share attributes of both single-family residential and multi-family residential properties and for this reason are identified as a separate land use classification. Like most single-family residential properties, these properties are not usually considered rental property and generally, the County assigns each unit a separate APN or assessment number. However, condominiums and town-homes often have similarities to multi-family residential properties in that they are generally zoned medium to high density and in some cases may involve multiple units on a single APN. In consideration of these factors it has been determined that an appropriate allocation of special benefit for condominiums, town-homes and similar residential properties is best represented by an assignment of 0.75 EBU per unit regardless of whether each unit is assigned an individual APN or there are multiple units assigned to an APN. (There is no adjustment for parcels with more than five units).
- (4) Planned-Residential Development** — This land use is defined as any property for which a tentative or final tract map has been filed and approved (a specific number of residential lots and units has been identified) and the property is expected to be subdivided within the fiscal year or is part of the overall improvement and development plan for the District. This land use classification often times involves more than a single parcel (e.g. the approved tract map encompasses more than a single APN). Each parcel that is part of the approved tract map shall be assessed proportionately for the proposed or estimated residential type and units to be developed on that parcel as part of the approved tract map. Accordingly, each parcel is assigned an appropriate number of benefit units that reflects the development of that property at build-out. (The EBU assigned to each parcel shall represent the combination of single-family, condominium, multi-family units to be developed).

(5) Vacant Residential — This land use is defined as property currently zoned for residential development, but a tentative or final tract map for the property has not yet been approved. Based upon the opinions of professional appraisers who appraise market property values for real estate in California, the land value portion of a property typically ranges from 20 to 30 percent of the total value of a developed residential property (the average is about 25 percent). Although the assessed value of an individual property is not a direct reflection of the property's special benefit, this general correlation between land value and structure value does provide a reasonable basis for apportioning special benefit for vacant residential properties. Utilizing this twenty-five percent (25%) apportionment and the number of single-family residential units typically developed per acre of land (an average of 4 residential units per acre) an Equivalent Benefit Unit of 1.0 EBU per acre (4 units per acre x 25%) is derived and presents an appropriate apportionment of special benefit for vacant residential properties. Recognizing that the full and timely utilization of vacant property is reduced as the size of the property increases, it has been determined that the maximum EBU assigned to a vacant residential parcel shall not exceed 25.0 EBU (parcels in excess of 25 acres are assigned 25.0 EBU). Parcels less than one acre, shall be assigned a minimum of 1.0 EBU (similar to a vacant lot within a residential tract).

(6) Exempt Parcels — This land use identifies properties that are not assessed and are assigned 0.0 EBU. This land use classification may include but is not limited to:

- Lots or parcels identified as public streets and other roadways (typically not assigned an APN by the County);
- Dedicated public easements including open space areas, utility rights-of-way, greenbelts, parkways, parks or other publicly owned properties that are part of the District improvements or may provide other benefits to private properties within the District.;
- Private properties that cannot be developed independently from an adjacent property, such as common areas, sliver parcels or bifurcated lots or properties with very restrictive development use.

These types of parcels are considered to receive little or no benefit from the improvements and are therefore exempted from assessment, but shall be reviewed annually by the assessment engineer to confirm the parcels current development status. Government owned properties or public properties are not necessarily exempt properties and shall be subject to special benefit assessment unless it qualifies for an exempt status.

(7) Special Cases — In many districts where multiple land use classifications are involved, there are usually one or more properties for which the standard land use classifications do not accurately identify the special benefits received from the improvements. For example, a parcel may be identified as a Vacant Residential property, however only a small percentage of the parcel's total acreage can actually be developed. In this case, an appropriate calculation would be based on the net acreage that can be utilized rather than the gross acreage of the parcel.

The following table provides a summary of land use classifications and the Equivalent Benefit Unit calculations previously outlined.

| Property Type | Equivalent Benefit Units | Multiplier |
|---------------------------------|--------------------------|----------------------------------|
| Single-family Residential | 1.00 | Per Unit/Lot/Parcel |
| Multi-family Residential | 0.75 | Per Unit for the First 50 Units |
| | 0.50 | Per Unit for Units 51-100 |
| | 0.25 | Per Unit for all Remaining Units |
| Condominium/Townhome Units | 0.75 | Per Unit |
| Planned Residential Development | 1.00 | Per Planned SF Residential Lot |
| | 0.75 | Per Planned Condominium |
| | 0.75 | Per Unit for the First 50 Units |
| | 0.50 | Per Unit for Units 51-100 |
| | 0.25 | Per Unit for all Remaining Units |
| Vacant Residential Land | 1.00 | Per Acre |
| Exempt Parcels | 0.00 | Per Parcel |

The following formula is used to calculate each parcel's EBU (proportional benefit).

$$\text{Parcel Type EBU} \times \text{Acres or Units} = \text{Parcel EBU}$$

The total number of Equivalent Benefit Units (EBU's) is the sum of the individual EBU's applied to parcels that receive special benefit from the improvements. An assessment amount per EBU (Assessment Rate) for the improvements is established by taking the total cost of the improvements and dividing that amount by the total number of EBU's of the parcels benefiting from the improvements. This Rate is then applied back to each parcel's individual EBU to determine the parcel's proportionate benefit and assessment obligation for the improvements.

$$\begin{aligned} \text{Total Balance to Levy} / \text{Total EBU} &= \text{Levy per EBU} \\ \text{Levy per EBU} \times \text{Parcel EBU} &= \text{Parcel Levy Amount} \end{aligned}$$

Assessment Range Formula

Any new or increased assessment requires certain noticing and meeting requirements by law. Prior to the passage of Proposition 218 (California Constitution Articles XIIC and XIID), legislative changes in the Brown Act defined a "new or increased assessment" to exclude certain conditions. These conditions included "any assessment that does not exceed an assessment formula or range of assessments previously adopted by the agency or approved by the voters in the area where the assessment is imposed." This definition and conditions were later confirmed through Senate Bill 919 (Proposition 218 implementing legislation).

The purpose of establishing an Assessment Range Formula is to provide for reasonable increases and inflationary adjustment to annual assessments without requiring costly noticing and mailing procedures, which could add to the District costs and assessments. As part of the District formation, the notice and assessment ballots presented to the property owners for approval included a maximum assessment amount for fiscal year 2005/2006 (initial maximum assessment), identification of the corresponding maximum assessment rate and a summary of the Assessment Range Formula described herein.

The Assessment Range Formula for this District shall be applied to the future assessments and is generally defined:

- If the proposed annual assessment (levy per EBU) for the upcoming fiscal year is less than or equal to the adjusted Maximum Assessment Rate, then the proposed annual assessment is not considered an increased assessment.
- The Maximum Assessment Rate is equal to the (Initial) Maximum Assessment Rate established for fiscal year 2005/2006 adjusted annually by the greater of, three percent (3%) or the annual percentage change in the Consumer Price Index (CPI) of “All Urban Consumers” for the San Francisco-Oakland-San Jose Area from February to February. In January 2018, BLS introduced a new geographic area sample for the CPI. As part of the change the index for this area was renamed from San Francisco-Oakland-San Jose to San Francisco-Oakland-Hayward. The metropolitan area is comprised of Alameda, Contra Costa, Marin, San Francisco, San Mateo Counties in the State of California. This CPI will be used going forward.

Beginning with fiscal year 2006/2007 and each fiscal year thereafter, the Maximum Assessment Rate has been recalculated and a new Maximum Assessment Rate established for the fiscal year utilizing the Assessment Range Formula described above. The Maximum Assessment Rate is calculated independent of the District’s annual budget and proposed assessment. The annual percentage change in CPI is based on available data provided by the U.S. Department of Labor; Bureau of Labor Statistics at the time the annual Report is prepared. Should the Bureau of Labor Statistics revise such index or discontinue the preparation of such index, the City shall use the revised index or comparable system as approved by the City Council for determining fluctuations in the cost of living. In January 2018, BLS introduced a new geographic area sample for the CPI. As part of the change the index for this area was renamed from San Francisco-Oakland-San Jose to San Francisco-Oakland-Hayward. The metropolitan area is comprised of Alameda, Contra Costa, Marin, San Francisco, San Mateo Counties in the State of California. This CPI will be used going forward.

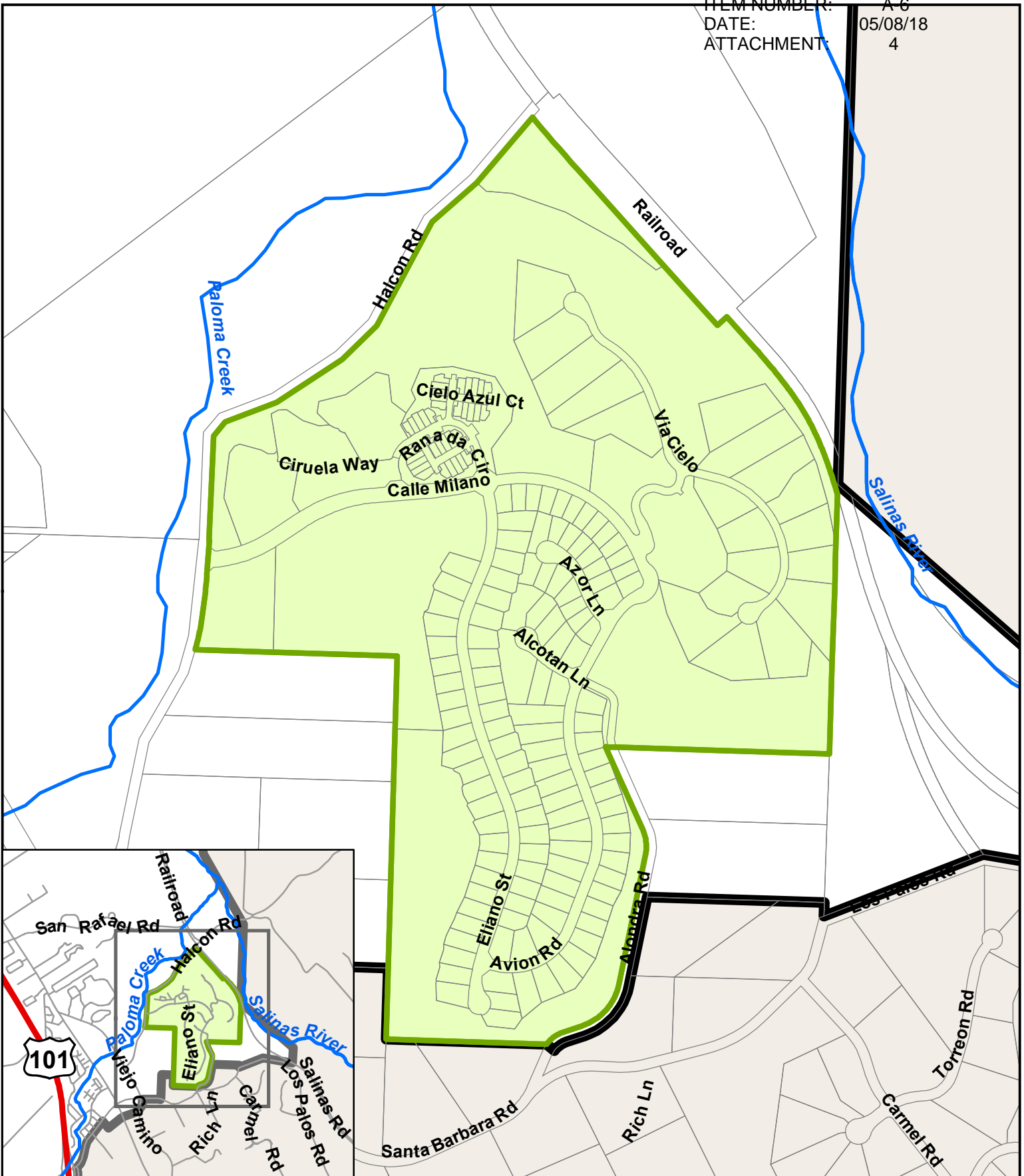
Any proposed annual assessment (rate per EBU) less than or equal to the calculated (adjusted) Maximum Assessment Rate is not considered an increased assessment, even if the proposed assessment is significantly greater than the assessment applied in the prior fiscal year. Likewise, modifications to the method of apportionment that increase the proportional special benefit assigned to a particular land use classification would be considered an increased assessment. Conversely, reductions in the proportional special benefit assigned to a land use classifications is permitted. Changes in land use or size of an individual property resulting in an assessment increase, is not considered an increased assessment.

To impose a new or increased assessment other than the annual inflationary adjustment provided by the preceding Assessment Range Formula, the City must comply with the provisions of the California Constitution Article XIID Section 4c, that requires a public hearing and certain protest procedures including mailed notice of the public hearing and property owner protest balloting. Property owners through the balloting process must approve a proposed new or increased assessment before such an assessment may be imposed.

6. ASSESSMENT DIAGRAM

The parcels within the Street and Storm Drain Maintenance District No. 02 Las Lomas (Woodridge) consist of the lots, parcels and subdivisions of land located in the residential development known as Las Lomas (Woodridge), Tract 2525-1. The District covers approximately one hundred twenty-two acres (121.65 acres) in the southeast portion of the City of Atascadero.

The following map is based on the District Diagram, the San Luis Obispo County Assessor's Maps and the San Luis Obispo County Assessor's information and identifies the parcels of land within the proposed District, as the same existed at the time the District was formed. The combination of the District Diagram on file with the City Clerk and the Assessment Roll contained in this Report constitute the District Assessment Diagram.



CITY OF ATASCADERO

LAS LOMAS

Street and Storm Drain Maintenance District No. 2

Landscaping and Lighting District No. 2



7. ASSESSMENT ROLL

Parcel identification for each lot or parcel within the District is based on the Assessment Diagram presented herein and is based on available parcel maps and property data from the San Luis Obispo County Assessor's Office at the time the Engineer's Report was prepared. A listing of the proposed lots and parcels to be assessed within this District along with the assessment amounts is provided herein.

Non-assessable lots or parcels may include, but are not limited to public streets and other roadways (typically not assigned an APN by the County); dedicated public easements, open space areas, right-of-ways, common areas; landlocked parcels, small parcels vacated by the County, bifurcated lots, and any other property that can not be developed or has little or no value. These types of parcels are considered to receive little or no benefit from the improvements and are therefore exempted from assessment.

If any parcel submitted for collection is identified by the County Auditor/Controller to be an invalid parcel number for the fiscal year, a corrected parcel number and/or new parcel numbers will be identified and resubmitted to the County Auditor/Controller. The assessment amount to be levied and collected for the resubmitted parcel or parcels shall be based on the method of apportionment and assessment rate described in this Report as approved by the City Council. Therefore, if a single parcel is subdivided to multiple parcels, the assessment amount applied to each of the new parcels shall be recalculated and applied according to the approved method of apportionment and assessment rate rather than a proportionate share of the original assessment.

CITY OF ATASCADERO
Street and Storm Drain Maintenance District No. 01
(Apple Valley)

Fiscal Year 2018/2019 Assessment Roll

| Assessor's Parcel Number | Equivalent Benefit Units | Maximum Assessment | Proposed Assessment |
|-----------------------------|-----------------------------|-----------------------|------------------------|
| 045-311-006 | 0 | \$ - | \$ - |
| 045-311-007 | 0 | - | - |
| 045-311-008 | 0 | - | - |
| 045-311-009 | 0 | - | - |
| 045-311-010 | 0 | - | - |
| 045-311-013 | 0 | - | - |
| 045-311-014 | 17.77 | 13,146.96 | 6,788.14 |
| 045-311-015 | 24.83 | 18,370.23 | 9,485.06 |
| 045-311-016 | 19.9 | 14,722.82 | 7,601.80 |
| 045-312-001 | 1 | 739.84 | 382.00 |
| 045-312-002 | 1 | 739.84 | 382.00 |
| 045-312-003 | 1 | 739.84 | 382.00 |
| 045-312-004 | 1 | 739.84 | 382.00 |
| 045-312-005 | 1 | 739.84 | 382.00 |
| 045-312-006 | 1 | 739.84 | 382.00 |
| 045-312-007 | 1 | 739.84 | 382.00 |
| 045-312-008 | 1 | 739.84 | 382.00 |
| 045-312-009 | 1 | 739.84 | 382.00 |
| 045-312-010 | 1 | 739.84 | 382.00 |
| 045-312-011 | 1 | 739.84 | 382.00 |
| 045-312-012 | 1 | 739.84 | 382.00 |
| 045-312-013 | 1 | 739.84 | 382.00 |
| 045-312-014 | 1 | 739.84 | 382.00 |
| 045-312-015 | 1 | 739.84 | 382.00 |
| 045-312-016 | 1 | 739.84 | 382.00 |
| 045-312-017 | 1 | 739.84 | 382.00 |
| 045-312-018 | 1 | 739.84 | 382.00 |
| 045-312-019 | 1 | 739.84 | 382.00 |
| 045-312-020 | 1 | 739.84 | 382.00 |
| 045-312-021 | 1 | 739.84 | 382.00 |
| 045-312-022 | 1 | 739.84 | 382.00 |
| 045-312-023 | 1 | 739.84 | 382.00 |
| 045-312-024 | 1 | 739.84 | 382.00 |
| 045-312-025 | 1 | 739.84 | 382.00 |
| 045-312-026 | 1 | 739.84 | 382.00 |
| 045-312-027 | 1 | 739.84 | 382.00 |
| 045-312-028 | 1 | 739.84 | 382.00 |



| Assessor's Parcel Number | Equivalent Benefit Units | Maximum Assessment | Proposed Assessment |
|-----------------------------|-----------------------------|-----------------------|------------------------|
| 045-312-029 | 1 | 739.84 | 382.00 |
| 045-312-030 | 1 | 739.84 | 382.00 |
| 045-312-031 | 1 | 739.84 | 382.00 |
| 045-312-032 | 1 | 739.84 | 382.00 |
| 045-312-033 | 1 | 739.84 | 382.00 |
| 045-312-034 | 1 | 739.84 | 382.00 |
| 045-312-035 | 1 | 739.84 | 382.00 |
| 045-312-036 | 1 | 739.84 | 382.00 |
| 045-312-037 | 1 | 739.84 | 382.00 |
| 045-312-038 | 1 | 739.84 | 382.00 |
| 045-312-039 | 1 | 739.84 | 382.00 |
| 045-312-040 | 1 | 739.84 | 382.00 |
| 045-312-041 | 1 | 739.84 | 382.00 |
| 045-312-042 | 1 | 739.84 | 382.00 |
| 045-312-043 | 1 | 739.84 | 382.00 |
| 045-312-044 | 1 | 739.84 | 382.00 |
| 045-312-045 | 1 | 739.84 | 382.00 |
| 045-312-046 | 1 | 739.84 | 382.00 |
| 045-312-047 | 1 | 739.84 | 382.00 |
| 045-312-048 | 1 | 739.84 | 382.00 |
| 045-312-049 | 1 | 739.84 | 382.00 |
| 045-312-050 | 1 | 739.84 | 382.00 |
| 045-312-051 | 1 | 739.84 | 382.00 |
| 045-312-052 | 1 | 739.84 | 382.00 |
| 045-312-053 | 1 | 739.84 | 382.00 |
| 045-312-054 | 1 | 739.84 | 382.00 |
| 045-312-055 | 1 | 739.84 | 382.00 |
| 045-312-056 | 1 | 739.84 | 382.00 |
| 045-313-001 | 1 | 739.84 | 382.00 |
| 045-313-002 | 1 | 739.84 | 382.00 |
| 045-313-003 | 1 | 739.84 | 382.00 |
| 045-313-004 | 1 | 739.84 | 382.00 |
| 045-313-005 | 1 | 739.84 | 382.00 |
| 045-313-006 | 1 | 739.84 | 382.00 |
| 045-313-007 | 1 | 739.84 | 382.00 |
| 045-313-008 | 1 | 739.84 | 382.00 |
| 045-313-009 | 1 | 739.84 | 382.00 |
| 045-313-010 | 1 | 739.84 | 382.00 |
| 045-313-011 | 1 | 739.84 | 382.00 |
| 045-313-012 | 1 | 739.84 | 382.00 |
| 045-313-013 | 1 | 739.84 | 382.00 |
| 045-313-014 | 1 | 739.84 | 382.00 |



| Assessor's Parcel Number | Equivalent Benefit Units | Maximum Assessment | Proposed Assessment |
|-----------------------------|-----------------------------|-----------------------|------------------------|
| 045-313-015 | 1 | 739.84 | 382.00 |
| 045-313-018 | 1 | 739.84 | 382.00 |
| 045-313-019 | 1 | 739.84 | 382.00 |
| 045-313-020 | 1 | 739.84 | 382.00 |
| 045-313-021 | 1 | 739.84 | 382.00 |
| 045-313-026 | 1 | 739.84 | 382.00 |
| 045-313-027 | 1 | 739.84 | 382.00 |
| 045-314-001 | 1 | 739.84 | 382.00 |
| 045-314-002 | 1 | 739.84 | 382.00 |
| 045-314-003 | 1 | 739.84 | 382.00 |
| 045-314-004 | 1 | 739.84 | 382.00 |
| 045-314-005 | 1 | 739.84 | 382.00 |
| 045-314-006 | 1 | 739.84 | 382.00 |
| 045-314-007 | 1 | 739.84 | 382.00 |
| 045-314-008 | 1 | 739.84 | 382.00 |
| 045-314-009 | 1 | 739.84 | 382.00 |
| 045-314-010 | 1 | 739.84 | 382.00 |
| 045-314-011 | 1 | 739.84 | 382.00 |
| 045-314-012 | 1 | 739.84 | 382.00 |
| 045-314-013 | 1 | 739.84 | 382.00 |
| 045-314-014 | 1 | 739.84 | 382.00 |
| 045-314-015 | 1 | 739.84 | 382.00 |
| 045-314-016 | 1 | 739.84 | 382.00 |
| 045-314-017 | 1 | 739.84 | 382.00 |
| 045-314-018 | 1 | 739.84 | 382.00 |
| 045-314-019 | 1 | 739.84 | 382.00 |
| 045-314-020 | 1 | 739.84 | 382.00 |
| 045-314-021 | 1 | 739.84 | 382.00 |
| 045-314-022 | 1 | 739.84 | 382.00 |
| 045-314-023 | 1 | 739.84 | 382.00 |
| 045-314-024 | 1 | 739.84 | 382.00 |
| 045-314-025 | 1 | 739.84 | 382.00 |
| 045-314-026 | 1 | 739.84 | 382.00 |
| 045-314-027 | 1 | 739.84 | 382.00 |
| 045-314-028 | 1 | 739.84 | 382.00 |
| 045-314-029 | 1 | 739.84 | 382.00 |
| 045-314-030 | 1 | 739.84 | 382.00 |
| 045-314-031 | 1 | 739.84 | 382.00 |
| 045-314-032 | 1 | 739.84 | 382.00 |
| 045-314-033 | 1 | 739.84 | 382.00 |
| 045-315-001 | 1 | 739.84 | 382.00 |
| 045-315-002 | 1 | 739.84 | 382.00 |



| Assessor's Parcel Number | Equivalent Benefit Units | Maximum Assessment | Proposed Assessment |
|-----------------------------|-----------------------------|-----------------------|------------------------|
| 045-315-003 | 1 | 739.84 | 382.00 |
| 045-315-004 | 1 | 739.84 | 382.00 |
| 045-315-005 | 1 | 739.84 | 382.00 |
| 045-315-006 | 1 | 739.84 | 382.00 |
| 045-315-007 | 1 | 739.84 | 382.00 |
| 045-315-008 | 1 | 739.84 | 382.00 |
| 045-315-009 | 1 | 739.84 | 382.00 |
| 045-315-010 | 1 | 739.84 | 382.00 |
| 045-315-011 | 1 | 739.84 | 382.00 |
| 045-315-012 | 1 | 739.84 | 382.00 |
| 045-315-013 | 1 | 739.84 | 382.00 |
| 045-315-014 | 1 | 739.84 | 382.00 |
| 045-315-015 | 1 | 739.84 | 382.00 |
| 045-315-016 | 1 | 739.84 | 382.00 |
| 045-315-017 | 1 | 739.84 | 382.00 |
| 045-315-018 | 1 | 739.84 | 382.00 |
| 045-315-019 | 1 | 739.84 | 382.00 |
| 045-315-020 | 1 | 739.84 | 382.00 |
| 045-315-021 | 1 | 739.84 | 382.00 |
| 045-315-022 | 1 | 739.84 | 382.00 |
| 045-315-023 | 1 | 739.84 | 382.00 |
| 045-315-024 | 1 | 739.84 | 382.00 |
| 045-315-025 | 1 | 739.84 | 382.00 |
| 045-315-026 | 1 | 739.84 | 382.00 |
| 045-315-027 | 1 | 739.84 | 382.00 |
| 045-315-028 | 1 | 739.84 | 382.00 |
| 045-315-029 | 1 | 739.84 | 382.00 |
| 045-315-030 | 1 | 739.84 | 382.00 |
| 045-315-031 | 1 | 739.84 | 382.00 |
| 045-315-032 | 1 | 739.84 | 382.00 |
| 045-315-033 | 1 | 739.84 | 382.00 |
| 045-316-040 | 0 | - | - |
| 045-316-041 | 0.75 | 554.88 | 286.50 |
| 045-316-042 | 0.75 | 554.88 | 286.50 |
| 045-316-043 | 0.75 | 554.88 | 286.50 |
| 045-316-044 | 0.75 | 554.88 | 286.50 |
| 045-316-045 | 0.75 | 554.88 | 286.50 |
| 045-316-046 | 0.75 | 554.88 | 286.50 |
| 045-316-047 | 0.75 | 554.88 | 286.50 |
| 045-316-048 | 0.75 | 554.88 | 286.50 |
| 045-316-049 | 0.75 | 554.88 | 286.50 |
| 045-316-050 | 0.75 | 554.88 | 286.50 |



| Assessor's Parcel Number | Equivalent Benefit Units | Maximum Assessment | Proposed Assessment |
|-----------------------------|-----------------------------|-----------------------|------------------------|
| 045-316-051 | 0.75 | 554.88 | 286.50 |
| 045-316-052 | 0.75 | 554.88 | 286.50 |
| 045-316-053 | 0.75 | 554.88 | 286.50 |
| 045-316-054 | 0.75 | 554.88 | 286.50 |
| 045-316-055 | 0.75 | 554.88 | 286.50 |
| 045-316-056 | 0.75 | 554.88 | 286.50 |
| 045-316-057 | 0.75 | 554.88 | 286.50 |
| 045-316-058 | 0.75 | 554.88 | 286.50 |
| 045-316-059 | 0.75 | 554.88 | 286.50 |
| 045-316-060 | 0.75 | 554.88 | 286.50 |
| 045-316-061 | 0.75 | 554.88 | 286.50 |
| 045-316-062 | 0.75 | 554.88 | 286.50 |
| 045-316-063 | 0.75 | 554.88 | 286.50 |
| 045-316-064 | 0.75 | 554.88 | 286.50 |
| 045-316-065 | 0.75 | 554.88 | 286.50 |
| 045-316-066 | 0.75 | 554.88 | 286.50 |
| 045-316-067 | 0.75 | 554.88 | 286.50 |
| 045-316-068 | 0.75 | 554.88 | 286.50 |
| 045-316-069 | 0.75 | 554.88 | 286.50 |
| 045-316-070 | 0.75 | 554.88 | 286.50 |
| 045-316-071 | 0.75 | 554.88 | 286.50 |
| 045-316-072 | 0.75 | 554.88 | 286.50 |
| 045-316-073 | 0.75 | 554.88 | 286.50 |
| 045-316-074 | 0.75 | 554.88 | 286.50 |
| 045-316-075 | 0.75 | 554.88 | 286.50 |
| 045-316-076 | 0 | - | - |
| 045-316-077 | 0 | - | - |
| Totals | 231.75 | \$ 171,457.92 | \$ 88,528.50 |

(1) Slight variance in charge or total budget are due to rounding for placement on the tax rolls.



DRAFT RESOLUTION D

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ATASCADERO, CALIFORNIA, INITIATING PROCEEDINGS FOR ANNUAL LEVY OF ASSESSMENTS FOR THE ATASCADERO LANDSCAPING AND LIGHTING MAINTENANCE DISTRICT NO. 02 (WOODRIDGE) FOR FISCAL YEAR 2018/2019 PURSUANT TO THE PROVISIONS OF PART 2 OF DIVISION 15 OF THE CALIFORNIA STREETS AND HIGHWAYS CODE

The City Council of the City of Atascadero (hereafter referred to as “City Council”) hereby finds, determines, resolves and orders as follows:

WHEREAS, the City Council has, by previous Resolutions, formed the Atascadero Landscaping and Lighting Maintenance District No. 02 (Woodridge) (hereafter referred to as “District”) pursuant to the provisions of the *Landscaping and Lighting Act of 1972, Part 2 of Division 15 of the Streets and Highways Code of California, beginning with Section 22500* (hereafter referred to as the “Act”) that provides for levy and collection of assessments by the County of San Luis Obispo for the City of Atascadero to pay the maintenance and services of lighting facilities, landscaping, and appurtenant facilities and operations related thereto; and

WHEREAS, the District and the associated assessments are in compliance with the provisions of California Constitution Article XIID; and

WHEREAS, the City Council has retained NBS for the purpose of assisting with the Annual Levy of the District and to prepare and file a report with the City Clerk in accordance with the Act.

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Atascadero as follows:

SECTION 1. Engineer’s Annual Levy Report: The City Council hereby orders NBS to prepare the Engineer’s Annual Levy Report concerning the levy of assessments for the District in accordance with *Chapter 3, Section 22622* of the Act.

SECTION 2. Proposed Improvements and Any Substantial Changes in Existing Improvements: The improvements within the District include the ongoing operation, administration, maintenance, servicing and incidental expenses related to the dedicated landscape areas, public street lighting and appurtenant facilities authorized pursuant to the Act that were installed as part of property development and associated with the District. Said improvements may include, but are not limited to the materials, equipment, utilities, labor, appurtenant facilities and expenses necessary for the ongoing maintenance and operation of public street lighting as well as landscaped parkways, medians, slopes, trails, park areas, drainage basins, open space areas and other designated easements or right-of-ways constructed and installed as part of the development plans and agreements approved for the development of each lot and parcel within the District. The Engineer's Annual Levy Report describes any new improvements or substantial changes in existing improvements.

PASSED AND ADOPTED at a regular meeting of the City Council held on the ____th day of ____, 2018.

On motion by Council Member _____ and seconded by Council Member _____, the foregoing Resolution is hereby adopted in its entirety on the following roll call vote:

AYES:
NOES:
ABSENT:

CITY OF ATASCADERO

Tom O'Malley, Mayor

ATTEST:

Lara K. Christensen, City Clerk

APPROVED AS TO FORM:

Brian A. Pierik, City Attorney

DRAFT RESOLUTION E

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ATASCADERO, CALIFORNIA, FOR PRELIMINARY APPROVAL OF THE ENGINEER'S ANNUAL LEVY REPORT FOR THE ATASCADERO LANDSCAPING AND LIGHTING MAINTENANCE DISTRICT NO. 02 (WOODRIDGE) FOR FISCAL YEAR 2018/2019

The City Council of the City of Atascadero (hereafter referred to as "City Council") does resolve as follows:

WHEREAS, the City Council has, by previous Resolutions, ordered the preparation of an Engineer's Annual Levy Report (hereafter referred to as the "Report") for the district known and designated as the Atascadero Landscaping and Lighting Maintenance District No. 02 (Woodridge) (hereafter referred to as the "District") pursuant to the provisions of the *Landscaping and Lighting Act of 1972, Part 2 of Division of the Streets and Highways Code of California, beginning with Section 22500* (hereafter referred to as the "Act"); and

WHEREAS, the District and the associated assessments are in compliance with the provisions of California Constitution Article XIID; and

WHEREAS, the City Council has now been presented with the Report as required by *Chapter 1, Article 4, Section 22566* of said Act; and

WHEREAS, the City Council has carefully examined and reviewed the Report as presented and is preliminarily satisfied with the Report, each of the budget items and documents as set forth therein and is satisfied on a preliminary basis that the proposed assessments have been spread in accordance with the benefits received from the improvements, operation, maintenance, and services to be performed within each benefit zone as set forth in said Report.

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Atascadero as follows:

SECTION 1. The above recitals are true and correct.

SECTION 2. That the presented Report consists of the following:

- a. A Description of the Improvements
- b. The Annual Budget (Costs and Expenses of Services, Operation, and Maintenance)
- c. The Method of Apportionment that details the method of calculating each parcel's proportional special benefits and annual assessment.
- d. The District Roll containing the proposed assessment for each parcel within the District for Fiscal Year 2018/2019.

SECTION 3. The Report is hereby approved on a preliminary basis and ordered to be filed in the Office of the City Clerk as a permanent record and to remain open to public inspection.

SECTION 4. That the City Clerk shall certify to the passage and adoption of this Resolution, and the minutes of this meeting shall so reflect the presentation of the Report.

PASSED AND ADOPTED at a regular meeting of the City Council held on the ___th day of ____, 2018.

On motion by Council Member _____ and seconded by Council Member _____, the foregoing Resolution is hereby adopted in its entirety on the following roll call vote:

AYES:
NOES:
ABSENT:

CITY OF ATASCADERO

Tom O'Malley, Mayor

ATTEST:

Lara K. Christensen, City Clerk

APPROVED AS TO FORM:

Brian A. Pierik, City Attorney

DRAFT RESOLUTION F

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
ATASCADERO, CALIFORNIA, DECLARING ITS INTENTION TO LEVY
AND COLLECT ASSESSMENTS FOR THE ATASCADERO
LANDSCAPING AND LIGHTING MAINTENANCE DISTRICT NO. 02
(WOODRIDGE) FOR FISCAL YEAR 2018/2019**

The City Council of the City of Atascadero (hereafter referred to as “City Council”) does resolve as follows:

WHEREAS, The City Council has by previous Resolution initiated proceedings for fiscal year 2018/2019 regarding the levy and collection of assessments for the Atascadero Landscaping and Lighting District No. 02 (Woodridge) (hereafter referred to as the “District”). Pursuant to the provisions of the *Landscaping and Lighting Act of 1972, Part 2, Division 15 of the California Streets and Highways Code (commencing with section 22500)* (hereafter referred to as the “Act”), assessments for the District shall be levied and collected by the County of San Luis Obispo for the City of Atascadero to pay the maintenance and services of the improvements and facilities related thereto; and

WHEREAS, the proposed District assessments for fiscal year 2018/2019 are less than or equal to the maximum assessments previously approved in accordance with the requirements of the California Constitution, Article XIID; and

WHEREAS, there has now been presented to this City Council an Engineer’s Annual Levy Report (hereafter referred to as the “Engineer’s Report”), and said Engineer’s Report has been filed with the City Clerk in accordance with the Act; and

WHEREAS, the City Council has examined and reviewed the Engineer’s Report as presented and is satisfied with the Report, each of the budget items and documents as set forth therein and is satisfied that the proposed assessments contained therein, have been spread in accordance with the benefits received from the improvements, operation, maintenance and services to be performed within the District, as set forth in said Report.

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Atascadero pursuant to Chapter 3, Section 22624 of the Act, as follows:

SECTION 1. The above recitals are true and correct.

SECTION 2. The City Council hereby declares its intention to seek the annual levy and collection of assessments within the District pursuant to the Act, over and including the lands, lots and parcels within the District boundary. The City Council further declares its intention to levy and collect assessments on such land to pay the annual costs and expenses of the improvements and services described in Section 4 of this Resolution, for fiscal year 2018/2019.

SECTION 3. The boundaries of the District are described in the Engineer’s Report and are consistent with the boundary established and described in the original formation documents, on file with the City Clerk, and incorporated herein by reference. The District is within the boundaries of the City of Atascadero, within the County of San Luis Obispo, State of California and includes the territory known as Woodridge and referred to as the “Atascadero Landscaping and Lighting District No. 02”.

SECTION 4. The improvements within the District include the ongoing maintenance, operation and servicing of local landscaping and street lighting improvements established or installed in connection with development of properties within the District. These improvements generally include, but are not limited to the materials, equipment, utilities, labor, appurtenant facilities and expenses necessary for the ongoing maintenance and operation of public street lighting as well as landscaped parkways, medians, slopes, trails, park areas, drainage basins, open space areas and other designated easements or right-of-ways constructed and installed as part of the development plans and agreements approved for the development of each lot and parcel within the District.

SECTION 5. The proposed assessments for fiscal year 2018/2019, as outlined in the Engineer’s Report, do not exceed the maximum assessment approved by the property owners through a property owner balloting proceeding conducted in 2005. As such, the proposed assessments do not constitute an increased assessment and do not require additional property owner approval in accordance with the requirements of the California Constitution, Article XIID.

SECTION 6. The City Council hereby declares its intention to conduct a Public Hearing concerning the District and the levy of assessments in accordance with *Chapter 3, Section 22626* of the Act.

SECTION 7. Notice is hereby given that a Public Hearing on these matters will be held by the City Council on Tuesday, June 12, 2018, at 6:00 p.m., at the City Council Chambers, 6500 Palma Avenue, Atascadero, California or as soon thereafter as feasible. At the Public Hearing, all interested persons shall be given an opportunity to hear and be heard on the proposed assessment to be levied for fiscal year 2018/2019 as contained in the Engineer’s Report on file in the City Clerk’s Office.

SECTION 8. The City Clerk shall give notice of the time and place of the Public Hearing to all property owners within the District pursuant to Sections 22626, 22552 and 22553 of the Act and 6061 of the Government Code by publishing this Resolution of Intention in a local newspaper one time at least 10 days prior to the Public hearing.

PASSED AND ADOPTED at a regular meeting of the City Council held on the ____th day of ____, 2018.

On motion by Council Member _____ and seconded by Council Member _____, the foregoing Resolution is hereby adopted in its entirety on the following roll call vote:

AYES:
NOES:
ABSENT:

CITY OF ATASCADERO

Tom O'Malley, Mayor

ATTEST:

Lara K. Christensen, City Clerk

APPROVED AS TO FORM:

Brian A. Pierik, City Attorney

CITY OF ATASCADERO

Landscaping and Lighting District District No. 02 (Las Lomas) 2018/19 Engineer's Report May 2018

OFFICE LOCATIONS:

Temecula – Corporate Headquarters
32605 Temecula Parkway, Suite 100
Temecula, CA 92592

San Francisco – Regional Office
870 Market Street, Suite 1223
San Francisco, CA 94102

California Satellite Offices
Atascadero, Davis
Huntington Beach,
Joshua Tree, Riverside
Sacramento, San Jose

www.nbsgov.com

Prepared by:



CITY OF ATASCADERO
Landscaping & Lighting District No. 02
Las Lomas (Woodridge)

6500 Palma Avenue
Atascadero, CA 93422
Phone – (805) 461-5000
Fax – (805) 461-7612

CITY COUNCIL

Tom O'Malley, Mayor

Roberta Fonzi, Mayor Pro Tem

Charles Bourbeau, Council Member

Heather Moreno, Council Member

Brian Sturtevant, Council Member

AGENCY STAFF

Rachelle Rickard, City Manager

Jeri Rangel, Administrative Services Director

Cindy Chavez, Deputy Director of Administrative Services

NBS

Danielle Wood, Client Services Director

Adina McCargo, Senior Consultant

TABLE OF CONTENTS

- 1. Engineer’s Letter..... 1-1**
- 2. Executive Summary 2-1**
- 3. Plans and Specifications..... 3-1**
 - Description of the District 3-1
 - Improvements and Services Authorized by The 1972 Act..... 3-1
 - Description of Improvements and Services 3-1
- 4. Estimate of Costs 4-1**
- 5. Method of Assessment 5-1**
 - General..... 5-1
 - Benefit Analysis..... 5-1
 - Assessment Methodology..... 5-2
 - Assessment Range Formula 5-6
- 6. Assessment Diagram..... 6-1**
- 7. Assessment Roll..... 7-1**

1. ENGINEER’S LETTER

WHEREAS, on March 24, 2005 by Resolution No. 2005-051, the City Council of the City of Atascadero (the “City”), State of California, in accordance with and pursuant to the Landscape and Lighting Act of 1972, Part 2, Division 15 of the California Streets and Highways Code (commencing with Section 22500 (the “1972 Act”) established the City of Atascadero Landscaping and Lighting District No. 02 Las Lomas (Woodridge) (the “District”); and

WHEREAS, on May 8, 2018 the City Council, under the 1972 Act, adopted its Resolution Initiating Proceedings for the Annual Levy of Assessments and Ordering the Preparation of an Engineer’s Report for the District; and

WHEREAS, the Resolution Initiating Proceedings directed NBS to prepare and file a report describing the general nature, location, and extent of the improvements to be maintained; an estimate of the costs of the maintenance, operations, and servicing of the improvements for the District for the referenced fiscal year; a diagram for the District, showing the area and properties to be assessed; and an assessment of the estimated costs of the administration, maintenance, operations, and servicing the improvements, assessing the net amount upon all assessable lots and/or parcels within the District in proportion to the special benefit received.

NOW THEREFORE, the assessments as detailed in this Engineer’s Report and as summarized in the table below are made to cover the portion of the estimated costs of maintenance, operation and servicing of the improvements to be paid by the assessable real property within the District in proportion to the special benefit received. The following table summarizes the proposed assessment for Fiscal Year 2018/19:

FY 2018/19 Budget Summary

| Description | Total Costs | Costs Not Assessed | Proposed Assessment | Total Benefit Units | Maximum Rate | Proposed Rate Per BU |
|--------------------|-----------------|--------------------|---------------------|---------------------|-------------------|----------------------|
| Annual Maintenance | \$67,487 | \$1,828 | \$65,659 | | | |
| Administration | 5,370 | 0 | 5,370 | | | |
| Levy Adjustments | (9,126) | (1,828) | (7,298) | | | |
| Total | \$63,731 | \$0 | \$63,731 | 231.75 | \$1,837.24 | \$275.00 |

I, the undersigned, respectfully submit the enclosed Engineer’s Report and, to the best of my knowledge, information, and belief, the Engineer’s Report, Assessments, and the Assessment Diagram herein have been prepared, computed, and levied in accordance with the assessment methodology adopted, approved, and ordered by the City Council of the City of Atascadero and the 1972 Act.

 City Engineer

2. EXECUTIVE SUMMARY

Pursuant to the provisions of the Landscaping and *Lighting Act of 1972*, being *Part 2 of Division 15* of the *California Streets and Highways Code*, commencing with *Section 22500* (hereafter referred to as the “1972 Act”), and in compliance with the substantive and procedural requirements of the California State Constitution Article XIIIID (hereafter referred to as “Article XIIIID”), the City Council of the City of Atascadero, County of San Luis Obispo, State of California (hereafter referred to as “City”), executed the proceedings required for the establishment of the special benefit assessment district designated as:

Landscaping and Lighting District No. 02 Las Lomas (Woodridge)

(hereafter referred to as the “District”), which includes the lots and parcels of land within the residential subdivision known as Las Lomas (Woodridge), Tract 2525-1 within the City limits of the City. This Engineer’s Report (hereafter referred to as the “Report”) has been prepared in connection with the levy and collection of annual assessments related thereto for fiscal year 2018/19, as required pursuant to Chapter 1, Article 4 of the 1972 Act.

The City Council formed the District, and provided for the levy and collection of annual assessments on the County tax rolls to provide ongoing funding for the costs and expenses required to service and maintain the landscaping and lighting improvements associated with and resulting from the development of properties within the District. The improvements to be provided by the District and the assessments described herein are made pursuant to the 1972 Act and the substantive and procedural provisions of Article XIIIID.

This Report describes the District, the improvements, and the proposed assessments to be levied against properties in connection with the special benefits the properties will receive from the maintenance and servicing of the District improvements. The annual assessments will provide a funding source for the continued operation and maintenance of public landscaping and lighting improvements installed in connection with the development of properties within the District.

The improvements and assessments described in this Report are based on the planned development of properties within the District and represent an estimate of the direct expenditures, incidental expenses, and fund balances that will be necessary to maintain and service the improvements. The boundaries of the District, the proposed improvements, the method of apportionment, and assessments described herein are based on current development plans and specifications for Tract 2525-1; and by reference these plans and specifications are made part of this Report.

The word “parcel,” for the purposes of this Report, refers to an individual property assigned its own Assessor’s Parcel Number (APN) by the San Luis Obispo County Assessor’s Office. The San Luis Obispo County Auditor/Controller uses Assessor’s Parcel Numbers and specific Fund Numbers to identify properties to be assessed on the tax roll for the special benefit assessments.

As part of the District formation, the City of Atascadero conducted a Property Owner Protest Ballot proceeding for the proposed levy of a new assessment pursuant to the provisions of the California Constitution, Article XIIIID Section 4. In conjunction with this ballot proceeding, the City Council conducted a noticed public hearing on May 24, 2005 to consider public testimonies, comments and written protests regarding the formation of the District and levy of assessments. Upon conclusion of the public hearing, property owner protest ballots received were opened and tabulated to determine whether majority protest existed (ballots were weighted based on assessment amounts), and by resolution the City Council confirmed the results of the ballot tabulation. Tabulation of the ballots indicated that majority protest did not exist for

the proposed assessments and the assessment range formula presented and described herein, the City Council approved the Report (as submitted or amended), ordered the formation of the District, and approved the levy and collection of assessments. The assessments for fiscal year 2005/2006 were submitted to the San Luis Obispo County Auditor/Controller for inclusion on the property tax roll for each parcel.

Each subsequent fiscal year, an Engineer's Report shall be prepared and presented to the City Council describing the District any changes to the District or improvements and the proposed budget and assessments for that fiscal year and the City Council shall hold a noticed public hearing regarding these matters prior to approving and ordering the proposed levy of assessments. If the proposed assessments for the District exceed the maximum assessment described herein (as approved by the property owners), the new or increased assessment must be confirmed through another property owner protest ballot proceeding before such an assessment may be imposed. It should be noted that an increased assessment to an individual property resulting from changes in development or land use does not constitute an increased assessment.

3. PLANS AND SPECIFICATIONS

Description of the District

The territory within the District consists of the lots, parcels and subdivisions of land within the proposed residential subdivision known as the Las Lomas (Woodridge), Tract 2525-1, which encompasses an area of land totaling approximately one hundred twenty-two acres (121.65 acres).

This residential subdivision is planned to include one hundred forty-four (144) single-family residential units; thirty-five (35) condominium/senior housing units; and a single one hundred (100) unit multi-family residential project at build-out. Due to parcel splits the multi-family residential project is spread over three parcels. The planned subdivision is situated in the southeast portion of the City of Atascadero and is generally located:

- South and east of Halcon Road;
- East of Highway 101 and El Camino Real
- South and west of the Southern Pacific Railroad Tracks; and
- North of Salinas Road and Santa Cruz Road

Improvements and Services Authorized by The 1972 Act

As generally defined by the 1972 Act and applicable to this District, the improvements and associated assessments may include one or more of the following:

- 1) The installation or planting of landscaping;
- 2) The installation or construction of statuary, fountains, and other ornamental structures and facilities;
- 3) The installation or construction of public lighting facilities including, but not limited to street lights and traffic signals;
- 4) The installation or construction of any facilities which are appurtenant to any of the foregoing or which are necessary or convenient for the maintenance or servicing thereof;
- 5) The installation of park or recreational improvements, including, but not limited to, all of the following:
 - a) Land preparation, such as grading, leveling, cutting and filling, sod, landscaping, irrigation systems, sidewalks, and drainage.
 - b) Lights, playground equipment, play courts, and public restrooms.
- 6) The acquisition of land for park, recreational, or open-space purposes or any existing improvement otherwise authorized pursuant to this section.
- 7) The maintenance or servicing, of any of the foregoing including the furnishing of services and materials for the ordinary and usual maintenance, operation, and servicing of any improvement including but not limited to:
 - a) Repair, removal, or replacement of all or any part of any improvements;
 - b) Grading, clearing, removal of debris, the installation or construction of curbs, gutters, walls,

- sidewalks, or paving, or water, irrigation, drainage, or electrical facilities;
- c) Providing for the life, growth, health, and beauty of landscaping, including cultivation, irrigation, trimming, spraying, fertilizing, or treating for disease or injury;
 - d) The removal of trimmings, rubbish, debris, and other solid waste;
 - e) The cleaning, sandblasting, and painting of walls and other improvements to remove or cover graffiti;
 - f) Electric current or energy, gas, or other illuminating agent for any public lighting facilities or for the lighting or operation of any other improvements;
 - g) Water for the irrigation of any landscaping, the operation of any fountains, or the maintenance of any other improvements.
- 8) Incidental expenses associated with the improvements including, but not limited to:
- a) The cost of preparation of the report, including plans, specifications, estimates, diagram, and assessment;
 - b) The costs of printing, advertising, and the publishing, posting and mailing of notices;
 - c) Compensation payable to the County for collection of assessments;
 - d) Compensation of any engineer or attorney employed to render services;
 - e) Any other expenses incidental to the construction, installation, or maintenance and servicing of the improvements;
 - f) Costs associated with any elections held for the approval of a new or increased assessment.

Description of Improvements and Services

The purpose of this District is to ensure the ongoing maintenance, operation and servicing of local landscaping and street lighting improvements established or installed in connection with development of properties within the District. The improvements may consist of all or a portion of the public landscaped areas, street lighting and appurtenant facilities within and adjacent to the District (Tract 2525-1). These improvements generally include, but are not limited to the materials, equipment, utilities, labor, appurtenant facilities and expenses necessary for the ongoing maintenance and operation of public street lighting as well as landscaped parkways, medians, slopes, trails, park areas, drainage basins, open space areas and other designated easements or right-of-ways constructed and installed as part of the development plans and agreements approved for the development of each lot and parcel within the District. The improvements to be maintained and funded entirely or partially through the District assessments are generally described as:

- Streetscape landscaping including street trees located on the perimeter of the development and interior streets of Tract 2525-1 that are within the public right-of-ways or easements and dedicated to the City for maintenance;
- Open space areas and fuel modification areas within or adjacent to the District boundaries;
- Park areas, recreational equipment, trails and landscaped drainage facilities developed and constructed as part of developing properties within Tract 2525-1;
- Public lighting facilities including street lighting, safety lighting and ornamental lighting installed as part of the residential development or landscaped improvement areas

- Appurtenant facilities, equipment, materials and utilities related to the aforementioned improvements;
- Specifically not included as District improvements are those improvements located on private property, improvements and facilities that may be provided or maintained by an agency other than the City; improvements and facilities that may be provide by another assessment or tax levied by the City or any improvement provided and maintained by a Homeowner’s Association or similar entity.

Detailed maps and descriptions of the location and extent of the specific improvements to be maintained by the District are on file in the Office of Public Works and by reference are made part of this Report. Those portions of the District improvements that may be identified as general benefit or will be funded in whole or in part by other revenue sources as part of the approved development agreements, will not be included as part of the District assessments. The net annual cost to provide and maintain the improvements determined to be of special benefit shall be allocated to each property in proportion to the special benefits received.

Landscape Improvements

The landscape improvements for the District may include, but are not limited to turf, ground cover, shrubs and plants, trees, irrigation and drainage systems, ornamental lighting, masonry walls or other fencing, hardscape improvements, monuments, and associated appurtenant facilities located within the landscape easements or public right-of-ways. Specifically the landscape improvement areas for this District are identified as:

- Approximately 34,420 square feet of streetscape landscaping and trees within the public right-of-ways along or adjacent to Halcon Road, Calle Milano, Via Cielo and Eliano Street including but not limited to approximately 27,200 square feet of parkway landscaping and 7,220 square feet of median landscaping;
- Approximately 220,850 square feet (5.07 acres) of landscaped slope areas within the District boundaries and adjacent to the residential properties, open space areas, drainage basins and streets of Tract 2525-1;
- Approximately 175,550 square feet (4.03 acres) of landscaped area in and around the two (2) drainage basins within Tract 2525-1;
- Approximately 106,460 square feet of non-irrigated open space area within the District;
- Approximately 1,981,980 square feet of non-irrigated open space area within the boundaries of the District associated with the development of the residential properties within Tract 2525-1;
- Approximately 225 street trees located within the public right-of-ways of the streets within Tract 2525-1 including but not limited to Calle Milano, Via Cielo, Eliano Street, Avion Road, Azor Lane and Alcotan Lane;
- Approximately 1,910 square feet of paths and trails, 45,265 square feet sidewalks and 6,100 linear feet of fencing within and adjacent to the various landscape improvement areas.

Public Lighting Improvements

The lighting improvements may include but are not limited to the cost of providing electrical energy and servicing of lighting fixtures, poles, meters, conduits, electrical cable and associated appurtenant facilities associated with:

- There are five (5) public streetlights currently planned for Tract 2525-1. These streetlights are located on Calle Milano between Halcon Road and Eliano Street (The entryway to the residential properties within the District);
- Lighting facilities may also include but are not limited to safety lights, security lights or ornamental

lights located within the various landscape improvement areas installed as part of the District's landscape improvements.

4. ESTIMATE OF COSTS

| BUDGET | Total Budget | Costs Not Assessed | Fiscal Year 2018/19 |
|--|------------------|--------------------|---------------------|
| DIRECT COSTS | | | |
| Annual Maintenance | | | |
| Landscape Services | \$29,990 | \$1,578 | \$28,412 |
| Landscape Supplies | 1,040 | 0 | 1,040 |
| Landscape Utilities | 4,610 | 0 | 4,610 |
| City Landscape Services | 12,090 | 0 | 12,090 |
| Maintenance | 5,190 | 0 | 5,190 |
| Special Projects | 5,000 | 0 | 5,000 |
| Total Annual Direct Costs | \$57,920 | \$1,578 | \$56,342 |
| CAPITAL EXPENDITURES | | | |
| Special Projects – Landscape and Planting | \$7,500 | \$0 | \$7,500 |
| Total Annual Capital Expenditures | \$7,500 | \$0 | \$7,500 |
| ADMINISTRATION EXPENSES | | | |
| Annual Administration Expenses | | | |
| City Annual Administration | \$1,320 | \$0 | \$1,320 |
| Engineer's Report & Services | 3,920 | 0 | 3,920 |
| Public Noticing | 130 | 0 | 130 |
| Total Annual Administration Costs | \$5,370 | \$0 | \$5,370 |
| TOTAL DIRECT & ADMINISTRATION COSTS | \$70,790 | \$1,578 | \$69,212 |
| CAPITAL RESERVE COLLECTIONS/(USES) | | | |
| Landscape Rehabilitation/Replacement | \$3,128 | \$0 | \$3,128 |
| Median Rehabilitation/Replacement | 138 | 0 | 138 |
| Open Space Rehabilitation/Replacement | 1,000 | 250 | 750 |
| Tree Rehabilitation/Replacement | 5,806 | 0 | 5,806 |
| Slope Rehabilitation/Replacement | 3,754 | 0 | 3,754 |
| Other Rehabilitation/Replacement | 741 | 0 | 741 |
| Use of Reserves | (\$12,500) | 0 | (\$12,500) |
| Total Annual Capital Reserve Collections/(Uses) | \$2,067 | \$250 | \$1,817 |
| LEVY ADJUSTMENTS | | | |
| Interest Income - Improvement Fund | (\$1,429) | 0 | (\$1,429) |
| Interest Income - Operating Reserve Fund | (425) | 0 | (425) |
| Operating Reserve Fund Collection (Use) | (7,272) | (1,828) | (5,444) |
| Total Levy Adjustments | (\$9,126) | (\$1,828) | (\$7,298) |
| BALANCE TO LEVY | \$63,731 | \$0 | \$63,731 |
| DISTRICT STATISTICS | | | |
| Total Parcels | | | 190 |
| Parcels Levied | | | 181 |
| Total EBU | | | 231.75 |
| Levy per EBU ⁽¹⁾ | | | \$275.00 |
| Maximum Levy per EBU | | | \$1,837.24 |
| FUND BALANCE INFORMATION | | | |
| Beginning Operating Reserve Balance | | | \$32,445 |
| Operational Reserve Interest | | | 425 |
| Use of Operational Reserve Interest | | | (425) |
| Operational Reserve Collection (Use) | | | 5,444 |
| Estimated Ending Operating Reserve Balance | | | \$37,889 |
| Beginning Improvement Fund Balance | | | \$125,351 |
| Improvement Fund Interest | | | 1,429 |
| Use of Improvement Fund Interest | | | (1,429) |
| Improvement Fund Collection (Use) | | | 2,067 |
| Estimated Ending Improvement Fund Balance | | | \$127,418 |

(1) Levy per EBU rate does not include the County of San Luis Obispo fee of \$2.00 per parcel

5. METHOD OF ASSESSMENT

General

The 1972 Act permits the establishment of assessment districts by agencies for the purpose of providing certain public improvements, which include the construction, maintenance, and servicing of public lights, landscaping and appurtenant facilities. The 1972 Act further requires that the cost of these improvements be levied according to benefit rather than assessed value:

“The net amount to be assessed upon lands within an assessment district may be apportioned by any formula or method which fairly distributes the net amount among all assessable lots or parcels in proportion to the estimated benefits to be received by each such lot or parcel from the improvements.”

The method of apportionment described in this Report for allocation of special benefit assessments utilizes commonly accepted engineering practices and have been established pursuant to the 1972 Act and the provisions of Article XIID. The formulas used for calculating assessments reflects the composition of parcels within the District and the improvements and services provided, to fairly apportion the costs based on the special benefits to each parcel.

Benefit Analysis

Each of the proposed improvements, the associated costs and assessments have been carefully reviewed, identified and allocated based on special benefit pursuant to the provisions of the 1972 Act and Article XIID. The improvements provided by this District and for which properties will be assessed have been identified as necessary, required and/or desired for the orderly development of the properties within the District to their full potential, consistent with the development plans and applicable portions of the City General Plan. As such, these improvements would be necessary and required of individual property owners for the development of such properties and the ongoing operation, servicing and maintenance of these improvements would be the financial obligation of those properties. Therefore, the improvements and the annual costs of ensuring the maintenance and operation of the improvements are a distinct and special benefit to the properties within the District. Any improvement or portion thereof that is considered to be of general benefit shall be funded by other revenue sources and not included as part of the special benefit assessments allocated to properties within the District.

Special Benefit

The method of apportionment (method of assessment) established herein is based on the premise that each assessed parcel within the District receives special benefits from the improvements and the desirability and security of those properties is enhanced by the presence of public lighting and well-maintained landscaping in close proximity to those properties.

The special benefits associated with landscape improvements are specifically:

- Enhanced desirability of properties through association with the improvements.
- Improved aesthetic appeal of properties providing a positive representation of the area and properties.
- Enhanced adaptation of the urban environment within the natural environment from adequate green space and landscaping

- Environmental enhancement through improved erosion resistance, dust and debris control, and fire prevention.
- Increased sense of pride in ownership of property within the District resulting from well-maintained improvements associated with the properties.
- Enhanced quality of life through well-maintained green space and landscaped areas.
- Reduced criminal activity and property-related crimes (especially vandalism) against properties in the District through well-maintained surroundings and amenities including abatement of graffiti.
- Enhanced environmental quality of the parcels by moderating temperatures, providing oxygenation and attenuating noise.

The special benefits of street lighting and other public lighting facilities are the convenience, safety, and security of property, improvements, and goods. Specifically:

- Enhanced deterrence of crime and the aid to police protection.
- Increased nighttime safety on roads, streets and public areas.
- Improved ability of pedestrians and motorists to see.
- Improved ingress and egress to property.
- Reduced vandalism and other criminal act and damage to improvements or property.
- Improved traffic circulation and reduced nighttime accidents and personal property loss.

The preceding special benefits contribute to the esthetic value and desirability of each of the assessed parcels within the District and thereby provide a special enhancement of the properties. Furthermore, it has been determined that the lack of funding to properly service and maintain the District improvements would have a negative impact on the properties within the District.

General Benefit

In reviewing each of the District improvements, the proximity of those improvements to both properties within the District and those outside the District as well as the reasons for installing and constructing such improvements, it is evident that the improvements are solely the result of developing properties within the District and the ongoing maintenance and operation of these improvements will directly effect the properties within the District. Although the improvements include public areas, easements, right-of-ways and other amenities available or visible to the public at large, the construction and installation of these improvements (except portions of the open space areas) were only necessary for the development of properties within the District and were not required nor necessarily desired by any properties or developments outside the District boundary and any public access or use of the improvements by others is incidental. Therefore, it has been determined that the improvements and the ongoing maintenance, servicing and operation of those improvements provide no measurable general benefit to properties outside

the District or to the public at large, but clearly provide distinct and special benefits to properties within the District. With respect to the open space areas, these areas are an integral part of property development within the District and clearly provide a direct and special benefit those properties. However, it is also recognized that the majority of this open space area is located on the perimeter of the District and is directly accessible from surrounding properties and the public at large. Therefore it has been determined that up to twenty-five percent (25%) of the costs to maintain this area shall be allocated as general benefit and not assessed as part of the District's special benefit assessments

Assessment Methodology

The method of apportionment for the District calculates the receipt of special benefit from the respective improvements based on the actual or proposed land use of the parcels within the District. The special benefit received by each lot or parcel is equated to the overall land use of parcels within the District based on the parcel's actual land use or proposed development.

The costs associated with the improvements shall be fairly distributed among the parcels based upon the special benefit received by each parcel. Additionally, in compliance with the Article XIID Section 4, each parcel's assessment may not exceed the reasonable cost of the proportional special benefit conferred to that parcel. The benefit formula used to determine the assessment obligation is therefore based upon both the improvements that benefit the parcels within the District as well as the proposed land use of each property as compared to other parcels that benefit from those specific improvements.

To identify and determine the special benefit to be received by each parcel and their proportionate share of the improvement costs it is necessary to consider the entire scope of the planned improvements as well as individual property development within the District. Upon review of the proposed improvements it has been determined that each of the residential parcels within the District receives special benefits from the improvements to be funded by annual assessments and based on the planned property development a single zone of benefit is appropriate for the allocation of the assessments and proportional benefit.

Equivalent Benefit Units:

To assess benefits equitably it is necessary to relate each property's proportional special benefits to the special benefits of the other properties within the District. The method of apportionment established for most districts formed under the 1972 Act utilizes a weighted method of apportionment known as an Equivalent Benefit Unit methodology that uses the single-family home site as the basic unit of assessment. A single-family home site equals one Equivalent Benefit Unit (EBU) and the other land uses are converted to a weighted EBU based on an assessment formula that equates the property's specific development status, type of development (land use), and size of the property, as compared to a single-family home site.

Although the Equivalent Benefit Unit method of apportioning special benefit is most commonly used and applied to districts that have a wide range of land use classifications (residential and non-residential use), this District is comprised of only residential properties and the following apportionment analysis of special benefit addresses only residential land uses. Not all land use types described in the following are necessarily applicable to the development of properties within this District, but are presented for comparison purposes to support the proportional special benefit applied to those land use types within the District.

(1) Single-family Residential — This land use is defined as a fully subdivided residential home site with or without a structure. This land use is assessed 1.00 EBU per lot or parcel. This is the base value that the other properties are compared and weighted against regarding special benefit (i.e. Equivalent Benefit Unit "EBU").

(2) Multi-family Residential — This land use is defined as a fully subdivided residential parcel that has

more than one residential unit developed on the property. (This land use typically includes apartments, duplexes, triplex etc., but does not generally include condominiums, town-homes or mobile home parks). Based on average population densities and size of the structure as compared to a typical single-family residential unit, multi-family residential parcels shall be proportionately assessed for the parcel's total number of residential units utilizing a sliding benefit scale. Although multi-family properties typically receive similar benefits to that of a single-family residential, it would not be reasonable to conclude that on a per unit basis, the benefits are equal. Studies have consistently shown that the average multi-family unit impacts infrastructure approximately 75% as much as a single-family residence (Sample Sources: Institute of Transportation Engineers Informational Report Trip Generation, Fifth Edition; Metcalf and Eddy, Wastewater Engineering Treatment, Disposal, Reuse, Third Edition). These various studies indicate that most public improvements and infrastructure are utilized and impacted at reduced levels by multi-family residential units and a similar reduction in proportional benefit is appropriate. Furthermore, it is also reasonable to conclude that as the density (number of units) increases the proportional benefit per unit tends to decline because the unit size and people per unit usually decreases. Based on these considerations and the improvements provided by this District, an appropriate allocation of special benefit for multi-family residential properties as compared to a single-family residential is best represented by the following special benefit assignment: 0.75 EBU per unit for the first 50 units; 0.50 EBU per unit for units 51 through 100; and 0.25 EBU per unit for remaining units.

- (3) Condominium/Town-home Units** — Condominiums and town-homes tend to share attributes of both single-family residential and multi-family residential properties and for this reason are identified as a separate land use classification. Like most single-family residential properties, these properties are not usually considered rental property and generally, the County assigns each unit a separate APN or assessment number. However, condominiums and town-homes often have similarities to multi-family residential properties in that they are generally zoned medium to high density and in some cases may involve multiple units on a single APN. In consideration of these factors it has been determined that an appropriate allocation of special benefit for condominiums, town-homes and similar residential properties is best represented by an assignment of 0.75 EBU per unit regardless of whether each unit is assigned an individual APN or there are multiple units assigned to an APN. (There is no adjustment for parcels with more than five units).
- (4) Planned-Residential Development** — This land use is defined as any property for which a tentative or final tract map has been filed and approved (a specific number of residential lots and units has been identified) and the property is expected to be subdivided within the fiscal year or is part of the overall improvement and development plan for the District. This land use classification often times involves more than a single parcel (e.g. the approved tract map encompasses more than a single APN). Each parcel that is part of the approved tract map shall be assessed proportionately for the proposed or estimated residential type and units to be developed on that parcel as part of the approved tract map. Accordingly, each parcel is assigned an appropriate number of benefit units that reflects the development of that property at build-out. (The EBU assigned to each parcel shall represent the combination of single-family, condominium, multi-family units to be developed).
- (5) Vacant Residential** — This land use is defined as property currently zoned for residential development, but a tentative or final tract map for the property has not yet been approved. Based upon the opinions of professional appraisers who appraise market property values for real estate in California, the land value portion of a property typically ranges from 20 to 30 percent of the total value of a developed residential property (the average is about 25 percent). Although the assessed value of an individual property is not a direct reflection of the property's special

benefit, this general correlation between land value and structure value does provide a reasonable basis for apportioning special benefit for vacant residential properties. Utilizing this twenty-five percent (25%) apportionment and the number of single-family residential units typically developed per acre of land (an average of 4 residential units per acre) an Equivalent Benefit Unit of 1.00 EBU per acre (4 units per acre x 25%) is derived and presents an appropriate apportionment of special benefit for vacant residential properties. Recognizing that the full and timely utilization of vacant property is reduced as the size of the property increases, it has been determined that the maximum EBU assigned to a vacant residential parcel shall not exceed 25.00 EBU (parcels in excess of 25 acres are assigned 25.00 EBU). Parcels less than one acre, shall be assigned a minimum of 1.00 EBU (similar to a vacant lot within a residential tract).

(6) Exempt Parcels — This land use identifies properties that are not assessed and are assigned 0.00 EBU. This land use classification may include but is not limited to:

- Lots or parcels identified as public streets and other roadways (typically not assigned an APN by the County);
- Dedicated public easements including open space areas, utility rights-of-way, greenbelts, parkways, parks or other publicly owned properties that are part of the District improvements or may provide other benefits to private properties within the District;
- Private properties that cannot be developed independently from an adjacent property, such as common areas, sliver parcels or bifurcated lots or properties with very restrictive development use;

These types of parcels are considered to receive little or no benefit from the improvements and are therefore exempted from assessment, but shall be reviewed annually by the assessment engineer to confirm the parcels' current development status. Government owned properties or public properties are not necessarily exempt properties and shall be subject to special benefit assessment unless it qualifies for an exempt status.

(7) Special Cases — In many districts where multiple land use classifications are involved, there are usually one or more properties for which the standard land use classifications do not accurately identify the special benefits received from the improvements. For example, a parcel may be identified as a Vacant Residential property, however only a small percentage of the parcel's total acreage can actually be developed. In this case, an appropriate calculation would be based on the net acreage that can be utilized rather than the gross acreage of the parcel

The following table provides a summary of land use classifications and the Equivalent Benefit Unit calculations previously outlined.

| Property Type | Equivalent Benefit Units | Multiplier |
|---------------------------------|--------------------------|----------------------------------|
| Single-family Residential | 1.00 | Per Unit/Lot/Parcel |
| Multi-family Residential | 0.75 | Per Unit for the First 50 Units |
| | 0.50 | Per Unit for Units 51-100 |
| | 0.25 | Per Unit for all Remaining Units |
| Condominium/Townhome Units | 0.75 | Per Unit |
| Planned Residential Development | 1.00 | Per Planned SF Residential Lot |
| | 0.75 | Per Planned Condominium |
| | 0.75 | Per Unit for the First 50 Units |
| | 0.50 | Per Unit for Units 51-100 |
| | 0.25 | Per Unit for all Remaining Units |
| Vacant Residential Land | 1.00 | Per Acre |
| Exempt Parcels | 0.00 | Per Parcel |

The following formula is used to calculate each parcel's EBU (proportional benefit).

$$\text{Parcel Type EBU} \times \text{Acres or Units} = \text{Parcel EBU}$$

The total number of Equivalent Benefit Units (EBU's) is the sum of the individual EBU's applied to parcels that receive special benefit from the improvements. An assessment amount per EBU (Assessment Rate) for the improvements is established by taking the total cost of the improvements and dividing that amount by the total number of EBU's of the parcels benefiting from the improvements. This Rate is then applied back to each parcel's individual EBU to determine the parcel's proportionate benefit and assessment obligation for the improvements.

$$\text{Total Balance to Levy} / \text{Total EBU} = \text{Levy per EBU}$$

$$\text{Levy per EBU} \times \text{Parcel EBU} = \text{Parcel Levy Amount}$$

Assessment Range Formula

Any new or increased assessment requires certain noticing and meeting requirements by law. Prior to the passage of Proposition 218 (California Constitution Articles XIII C and XIII D), legislative changes in the Brown Act defined a "new or increased assessment" to exclude certain conditions. These conditions included "any assessment that does not exceed an assessment formula or range of assessments previously adopted by the agency or approved by the voters in the area where the assessment is imposed." This definition and conditions were later confirmed through Senate Bill 919 (Proposition 218 implementing legislation).

The purpose of establishing an Assessment Range Formula is to provide for reasonable increases and inflationary adjustment to annual assessments without requiring costly noticing and mailing procedures,

which could add to the District costs and assessments. As part of the District formation, the notice and assessment ballots presented to the property owners for approval included a maximum assessment amount for fiscal year 2005/2006 (initial maximum assessment), identification of the corresponding maximum assessment rate and a summary of the Assessment Range Formula described herein.

The Assessment Range Formula for this District shall be applied to future assessments and is generally defined:

- If the proposed annual assessment (levy per EBU) for the upcoming fiscal year is less than or equal to the adjusted Maximum Assessment Rate, then the proposed annual assessment is not considered an increased assessment.
- The Maximum Assessment Rate is equal to the (Initial) Maximum Assessment Rate established for fiscal year 2005/2006 adjusted annually by the greater of, three percent (3%) or the annual percentage change in the Consumer Price Index (CPI) of “All Urban Consumers” for the San Francisco-Oakland-Hayward Area from February to February. The Maximum Assessment rate was increased by 3.56% for fiscal year 2018/19. In January 2018, BLS introduced a new geographic area sample for the CPI. As part of the change the index for this area was renamed from San Francisco-Oakland-San Jose to San Francisco-Oakland-Hayward. The metropolitan area is comprised of Alameda, Contra Costa, Marin, San Francisco, San Mateo Counties in the State of California. This CPI will be used going forward.

Beginning with the second fiscal year (fiscal year 2006/2007) and each fiscal year thereafter, the Maximum Assessment Rate has been recalculated and a new Maximum Assessment Rate is established for the fiscal year utilizing the Assessment Range Formula described above. The Maximum Assessment Rate is calculated independent of the District’s annual budget and proposed assessment. The annual percentage change in CPI is based on available data provided by the U.S. Department of Labor; Bureau of Labor Statistics at the time the annual Report is prepared. Should the Bureau of Labor Statistics revise such index or discontinue the preparation of such index, the City shall use the revised index or comparable system as approved by the City Council for determining fluctuations in the cost of living. In January 2018, BLS introduced a new geographic area sample for the CPI. As part of the change the index for this area was renamed from San Francisco-Oakland-San Jose to San Francisco-Oakland-Hayward. The metropolitan area is comprised of Alameda, Contra Costa, Marin, San Francisco, San Mateo Counties in the State of California. This CPI will be used going forward.

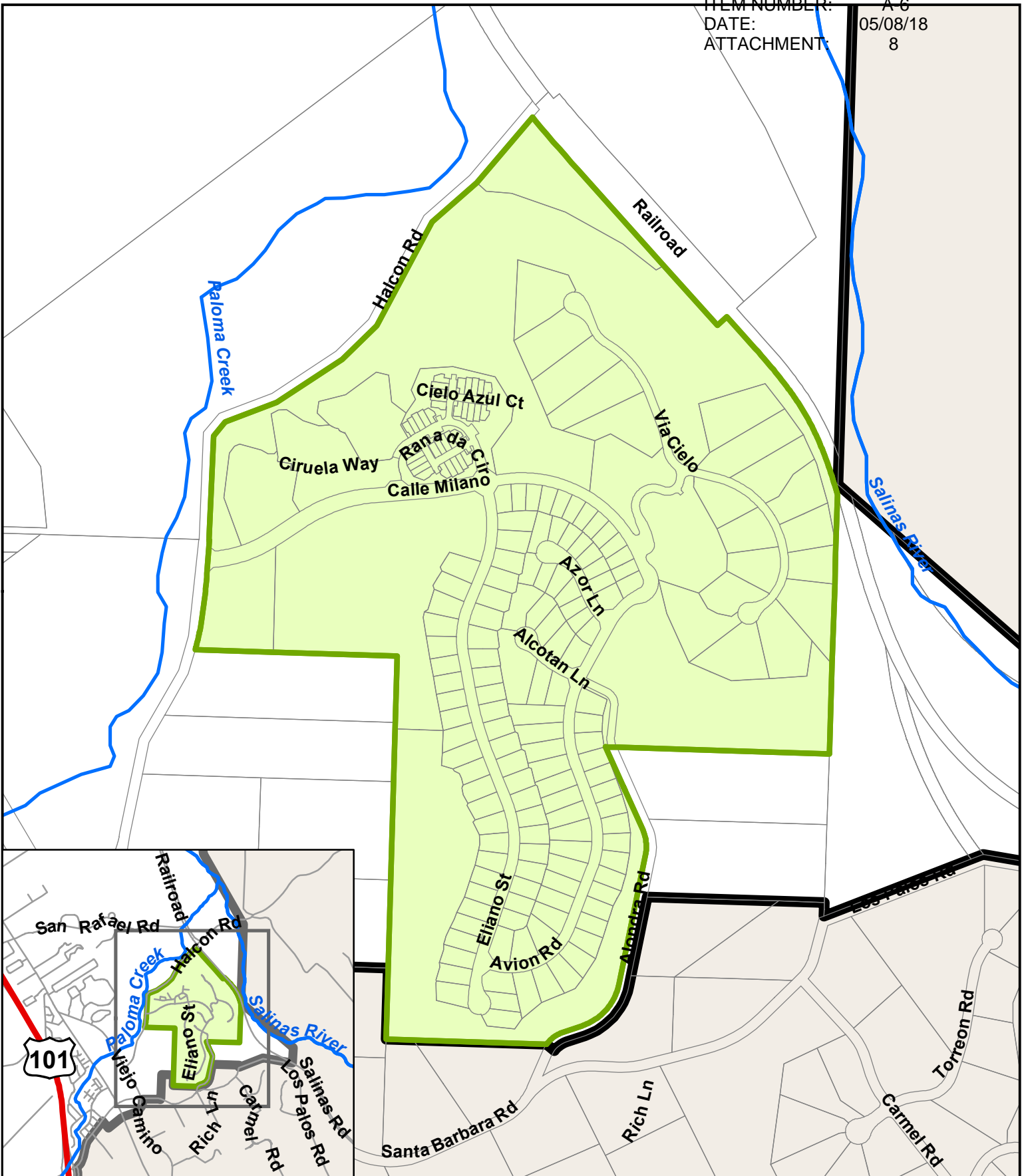
Any proposed annual assessment (rate per EBU) less than or equal to the calculated (adjusted) Maximum Assessment Rate is not considered an increased assessment, even if the proposed assessment is significantly greater than the assessment applied in the prior fiscal year. Likewise, modifications to the method of apportionment that increase the proportional special benefit assigned to a particular land use classification would be considered an increased assessment. Conversely, reductions in the proportional special benefit assigned to a land use classifications are permitted. Changes in land use or size of an individual property resulting in an assessment increase, is not considered an increased assessment.

To impose a new or increased assessment other than the annual inflationary adjustment provided by the preceding Assessment Range Formula, the City must comply with the provisions of Article XIID Section 4c, that requires a public hearing and certain protest procedures including mailed notice of the public hearing and property owner protest balloting. Property owners through the balloting process must approve a proposed new or increased assessment before such an assessment may be imposed.

6. ASSESSMENT DIAGRAM

The parcels within the Landscaping and Lighting District No. 02 Las Lomas (Woodridge) consist of the lots, parcels and subdivisions of land located in the planned residential development known as Las Lomas (Woodridge), Tract 2525-1. The District covers approximately one hundred twenty-two acres (121.65 acres) in the southeast portion of the City of Atascadero.

The following map is based on the District Diagram, the San Luis Obispo County Assessor's Maps and the San Luis Obispo County Assessor's information and identifies the parcels of land within the proposed District, as the same existed at the time the District was formed. The combination of the District Diagram on file with the City Clerk and the Assessment Roll contained in this Report constitute the District Assessment Diagram.



CITY OF ATASCADERO

LAS LOMAS

Street and Storm Drain Maintenance District No. 2

Landscaping and Lighting District No. 2



7. ASSESSMENT ROLL

Parcel identification for each lot or parcel within the District is based on the Assessment Diagram presented herein and is based on available parcel maps and property data from the San Luis Obispo County Assessor's Office at the time the Engineer's Report was prepared. A listing of the lots and parcels to be assessed within this District along with the assessment amounts is provided herein.

Non-assessable lots or parcels may include, but are not limited to public streets and other roadways (typically not assigned an APN by the County); dedicated public easements, open space areas, right-of-ways, common areas; landlocked parcels, small parcels vacated by the County, bifurcated lots, and any other property that can not be developed or has little or no value. These types of parcels are considered to receive little or no benefit from the improvements and are therefore exempted from assessment.

If any parcel submitted for collection is identified by the County Auditor/Controller to be an invalid parcel number for the fiscal year, a corrected parcel number and/or new parcel numbers will be identified and resubmitted to the County Auditor/Controller. The assessment amount to be levied and collected for the resubmitted parcel or parcels shall be based on the method of apportionment and assessment rate described in this Report as approved by the City Council. Therefore, if a single parcel is subdivided to multiple parcels, the assessment amount applied to each of the new parcels shall be recalculated and applied according to the approved method of apportionment and assessment rate rather than a proportionate share of the original assessment.

The following is a list of the parcels and assessment amounts for each of the parcels within the District as determined by the assessment rates and method of apportionment described herein.

CITY OF ATASCADERO
Landscaping and Lighting District No. 02
Las Lomas (Woodridge)
 Fiscal Year 2018/2019 Assessment Roll

| Assessor's Parcel Number | Equivalent Benefit Units | Maximum Assessment | Proposed Assessment |
|-----------------------------|-----------------------------|-----------------------|------------------------|
| 045-311-006 | 0 | \$ - | \$ - |
| 045-311-007 | 0 | - | - |
| 045-311-008 | 0 | - | - |
| 045-311-009 | 0 | - | - |
| 045-311-010 | 0 | - | - |
| 045-311-013 | 0 | - | - |
| 045-311-014 | 17.77 | 32,647.75 | 4,886.72 |
| 045-311-015 | 24.83 | 45,618.66 | 6,828.22 |
| 045-311-016 | 19.9 | 36,561.07 | 5,472.48 |
| 045-312-001 | 1 | 1,837.24 | 275.00 |
| 045-312-002 | 1 | 1,837.24 | 275.00 |
| 045-312-003 | 1 | 1,837.24 | 275.00 |
| 045-312-004 | 1 | 1,837.24 | 275.00 |
| 045-312-005 | 1 | 1,837.24 | 275.00 |
| 045-312-006 | 1 | 1,837.24 | 275.00 |
| 045-312-007 | 1 | 1,837.24 | 275.00 |
| 045-312-008 | 1 | 1,837.24 | 275.00 |
| 045-312-009 | 1 | 1,837.24 | 275.00 |
| 045-312-010 | 1 | 1,837.24 | 275.00 |
| 045-312-011 | 1 | 1,837.24 | 275.00 |
| 045-312-012 | 1 | 1,837.24 | 275.00 |
| 045-312-013 | 1 | 1,837.24 | 275.00 |
| 045-312-014 | 1 | 1,837.24 | 275.00 |
| 045-312-015 | 1 | 1,837.24 | 275.00 |
| 045-312-016 | 1 | 1,837.24 | 275.00 |
| 045-312-017 | 1 | 1,837.24 | 275.00 |
| 045-312-018 | 1 | 1,837.24 | 275.00 |
| 045-312-019 | 1 | 1,837.24 | 275.00 |
| 045-312-020 | 1 | 1,837.24 | 275.00 |
| 045-312-021 | 1 | 1,837.24 | 275.00 |
| 045-312-022 | 1 | 1,837.24 | 275.00 |
| 045-312-023 | 1 | 1,837.24 | 275.00 |
| 045-312-024 | 1 | 1,837.24 | 275.00 |
| 045-312-025 | 1 | 1,837.24 | 275.00 |
| 045-312-026 | 1 | 1,837.24 | 275.00 |
| 045-312-027 | 1 | 1,837.24 | 275.00 |
| 045-312-028 | 1 | 1,837.24 | 275.00 |



| Assessor's Parcel Number | Equivalent Benefit Units | Maximum Assessment | Proposed Assessment |
|-----------------------------|-----------------------------|-----------------------|------------------------|
| 045-312-029 | 1 | 1,837.24 | 275.00 |
| 045-312-030 | 1 | 1,837.24 | 275.00 |
| 045-312-031 | 1 | 1,837.24 | 275.00 |
| 045-312-032 | 1 | 1,837.24 | 275.00 |
| 045-312-033 | 1 | 1,837.24 | 275.00 |
| 045-312-034 | 1 | 1,837.24 | 275.00 |
| 045-312-035 | 1 | 1,837.24 | 275.00 |
| 045-312-036 | 1 | 1,837.24 | 275.00 |
| 045-312-037 | 1 | 1,837.24 | 275.00 |
| 045-312-038 | 1 | 1,837.24 | 275.00 |
| 045-312-039 | 1 | 1,837.24 | 275.00 |
| 045-312-040 | 1 | 1,837.24 | 275.00 |
| 045-312-041 | 1 | 1,837.24 | 275.00 |
| 045-312-042 | 1 | 1,837.24 | 275.00 |
| 045-312-043 | 1 | 1,837.24 | 275.00 |
| 045-312-044 | 1 | 1,837.24 | 275.00 |
| 045-312-045 | 1 | 1,837.24 | 275.00 |
| 045-312-046 | 1 | 1,837.24 | 275.00 |
| 045-312-047 | 1 | 1,837.24 | 275.00 |
| 045-312-048 | 1 | 1,837.24 | 275.00 |
| 045-312-049 | 1 | 1,837.24 | 275.00 |
| 045-312-050 | 1 | 1,837.24 | 275.00 |
| 045-312-051 | 1 | 1,837.24 | 275.00 |
| 045-312-052 | 1 | 1,837.24 | 275.00 |
| 045-312-053 | 1 | 1,837.24 | 275.00 |
| 045-312-054 | 1 | 1,837.24 | 275.00 |
| 045-312-055 | 1 | 1,837.24 | 275.00 |
| 045-312-056 | 1 | 1,837.24 | 275.00 |
| 045-313-001 | 1 | 1,837.24 | 275.00 |
| 045-313-002 | 1 | 1,837.24 | 275.00 |
| 045-313-003 | 1 | 1,837.24 | 275.00 |
| 045-313-004 | 1 | 1,837.24 | 275.00 |
| 045-313-005 | 1 | 1,837.24 | 275.00 |
| 045-313-006 | 1 | 1,837.24 | 275.00 |
| 045-313-007 | 1 | 1,837.24 | 275.00 |
| 045-313-008 | 1 | 1,837.24 | 275.00 |
| 045-313-009 | 1 | 1,837.24 | 275.00 |
| 045-313-010 | 1 | 1,837.24 | 275.00 |
| 045-313-011 | 1 | 1,837.24 | 275.00 |
| 045-313-012 | 1 | 1,837.24 | 275.00 |
| 045-313-013 | 1 | 1,837.24 | 275.00 |
| 045-313-014 | 1 | 1,837.24 | 275.00 |



| Assessor's Parcel Number | Equivalent Benefit Units | Maximum Assessment | Proposed Assessment |
|-----------------------------|-----------------------------|-----------------------|------------------------|
| 045-313-015 | 1 | 1,837.24 | 275.00 |
| 045-313-018 | 1 | 1,837.24 | 275.00 |
| 045-313-019 | 1 | 1,837.24 | 275.00 |
| 045-313-020 | 1 | 1,837.24 | 275.00 |
| 045-313-021 | 1 | 1,837.24 | 275.00 |
| 045-313-026 | 1 | 1,837.24 | 275.00 |
| 045-313-027 | 1 | 1,837.24 | 275.00 |
| 045-314-001 | 1 | 1,837.24 | 275.00 |
| 045-314-002 | 1 | 1,837.24 | 275.00 |
| 045-314-003 | 1 | 1,837.24 | 275.00 |
| 045-314-004 | 1 | 1,837.24 | 275.00 |
| 045-314-005 | 1 | 1,837.24 | 275.00 |
| 045-314-006 | 1 | 1,837.24 | 275.00 |
| 045-314-007 | 1 | 1,837.24 | 275.00 |
| 045-314-008 | 1 | 1,837.24 | 275.00 |
| 045-314-009 | 1 | 1,837.24 | 275.00 |
| 045-314-010 | 1 | 1,837.24 | 275.00 |
| 045-314-011 | 1 | 1,837.24 | 275.00 |
| 045-314-012 | 1 | 1,837.24 | 275.00 |
| 045-314-013 | 1 | 1,837.24 | 275.00 |
| 045-314-014 | 1 | 1,837.24 | 275.00 |
| 045-314-015 | 1 | 1,837.24 | 275.00 |
| 045-314-016 | 1 | 1,837.24 | 275.00 |
| 045-314-017 | 1 | 1,837.24 | 275.00 |
| 045-314-018 | 1 | 1,837.24 | 275.00 |
| 045-314-019 | 1 | 1,837.24 | 275.00 |
| 045-314-020 | 1 | 1,837.24 | 275.00 |
| 045-314-021 | 1 | 1,837.24 | 275.00 |
| 045-314-022 | 1 | 1,837.24 | 275.00 |
| 045-314-023 | 1 | 1,837.24 | 275.00 |
| 045-314-024 | 1 | 1,837.24 | 275.00 |
| 045-314-025 | 1 | 1,837.24 | 275.00 |
| 045-314-026 | 1 | 1,837.24 | 275.00 |
| 045-314-027 | 1 | 1,837.24 | 275.00 |
| 045-314-028 | 1 | 1,837.24 | 275.00 |
| 045-314-029 | 1 | 1,837.24 | 275.00 |
| 045-314-030 | 1 | 1,837.24 | 275.00 |
| 045-314-031 | 1 | 1,837.24 | 275.00 |
| 045-314-032 | 1 | 1,837.24 | 275.00 |
| 045-314-033 | 1 | 1,837.24 | 275.00 |
| 045-315-001 | 1 | 1,837.24 | 275.00 |
| 045-315-002 | 1 | 1,837.24 | 275.00 |



| Assessor's Parcel Number | Equivalent Benefit Units | Maximum Assessment | Proposed Assessment |
|-----------------------------|-----------------------------|-----------------------|------------------------|
| 045-315-003 | 1 | 1,837.24 | 275.00 |
| 045-315-004 | 1 | 1,837.24 | 275.00 |
| 045-315-005 | 1 | 1,837.24 | 275.00 |
| 045-315-006 | 1 | 1,837.24 | 275.00 |
| 045-315-007 | 1 | 1,837.24 | 275.00 |
| 045-315-008 | 1 | 1,837.24 | 275.00 |
| 045-315-009 | 1 | 1,837.24 | 275.00 |
| 045-315-010 | 1 | 1,837.24 | 275.00 |
| 045-315-011 | 1 | 1,837.24 | 275.00 |
| 045-315-012 | 1 | 1,837.24 | 275.00 |
| 045-315-013 | 1 | 1,837.24 | 275.00 |
| 045-315-014 | 1 | 1,837.24 | 275.00 |
| 045-315-015 | 1 | 1,837.24 | 275.00 |
| 045-315-016 | 1 | 1,837.24 | 275.00 |
| 045-315-017 | 1 | 1,837.24 | 275.00 |
| 045-315-018 | 1 | 1,837.24 | 275.00 |
| 045-315-019 | 1 | 1,837.24 | 275.00 |
| 045-315-020 | 1 | 1,837.24 | 275.00 |
| 045-315-021 | 1 | 1,837.24 | 275.00 |
| 045-315-022 | 1 | 1,837.24 | 275.00 |
| 045-315-023 | 1 | 1,837.24 | 275.00 |
| 045-315-024 | 1 | 1,837.24 | 275.00 |
| 045-315-025 | 1 | 1,837.24 | 275.00 |
| 045-315-026 | 1 | 1,837.24 | 275.00 |
| 045-315-027 | 1 | 1,837.24 | 275.00 |
| 045-315-028 | 1 | 1,837.24 | 275.00 |
| 045-315-029 | 1 | 1,837.24 | 275.00 |
| 045-315-030 | 1 | 1,837.24 | 275.00 |
| 045-315-031 | 1 | 1,837.24 | 275.00 |
| 045-315-032 | 1 | 1,837.24 | 275.00 |
| 045-315-033 | 1 | 1,837.24 | 275.00 |
| 045-316-040 | 0 | - | - |
| 045-316-041 | 0.75 | 1,377.93 | 206.24 |
| 045-316-042 | 0.75 | 1,377.93 | 206.24 |
| 045-316-043 | 0.75 | 1,377.93 | 206.24 |
| 045-316-044 | 0.75 | 1,377.93 | 206.24 |
| 045-316-045 | 0.75 | 1,377.93 | 206.24 |
| 045-316-046 | 0.75 | 1,377.93 | 206.24 |
| 045-316-047 | 0.75 | 1,377.93 | 206.24 |
| 045-316-048 | 0.75 | 1,377.93 | 206.24 |
| 045-316-049 | 0.75 | 1,377.93 | 206.24 |
| 045-316-050 | 0.75 | 1,377.93 | 206.24 |



| Assessor's Parcel Number | Equivalent Benefit Units | Maximum Assessment | Proposed Assessment |
|-----------------------------|-----------------------------|-----------------------|------------------------|
| 045-316-051 | 0.75 | 1,377.93 | 206.24 |
| 045-316-052 | 0.75 | 1,377.93 | 206.24 |
| 045-316-053 | 0.75 | 1,377.93 | 206.24 |
| 045-316-054 | 0.75 | 1,377.93 | 206.24 |
| 045-316-055 | 0.75 | 1,377.93 | 206.24 |
| 045-316-056 | 0.75 | 1,377.93 | 206.24 |
| 045-316-057 | 0.75 | 1,377.93 | 206.24 |
| 045-316-058 | 0.75 | 1,377.93 | 206.24 |
| 045-316-059 | 0.75 | 1,377.93 | 206.24 |
| 045-316-060 | 0.75 | 1,377.93 | 206.24 |
| 045-316-061 | 0.75 | 1,377.93 | 206.24 |
| 045-316-062 | 0.75 | 1,377.93 | 206.24 |
| 045-316-063 | 0.75 | 1,377.93 | 206.24 |
| 045-316-064 | 0.75 | 1,377.93 | 206.24 |
| 045-316-065 | 0.75 | 1,377.93 | 206.24 |
| 045-316-066 | 0.75 | 1,377.93 | 206.24 |
| 045-316-067 | 0.75 | 1,377.93 | 206.24 |
| 045-316-068 | 0.75 | 1,377.93 | 206.24 |
| 045-316-069 | 0.75 | 1,377.93 | 206.24 |
| 045-316-070 | 0.75 | 1,377.93 | 206.24 |
| 045-316-071 | 0.75 | 1,377.93 | 206.24 |
| 045-316-072 | 0.75 | 1,377.93 | 206.24 |
| 045-316-073 | 0.75 | 1,377.93 | 206.24 |
| 045-316-074 | 0.75 | 1,377.93 | 206.24 |
| 045-316-075 | 0.75 | 1,377.93 | 206.24 |
| 045-316-076 | 0 | - | - |
| 045-316-077 | 0 | - | - |
| Totals | 231.75 | \$ 425,780.35 | \$ 63,730.82 |

(1) Slight variance in charge or total budget are due to rounding for placement on the tax rolls.





Atascadero City Council

Staff Report – Public Works Department

East Front Street Pavement Rehabilitation Construction Award

RECOMMENDATIONS:

Council:

1. Award a construction contract for \$224,000 to Souza Construction, Inc. for the East Front Street Pavement Rehabilitation Project (Project No. C2016R03, Bid No. 2018-002).
2. Authorize the City Manager to execute a contract with Souza Construction, Inc. in the amount of \$224,000 for the construction of the East Front Street Pavement Rehabilitation Project.
3. Authorize the Director of Public Works to file a Notice of Completion with the County Recorder upon satisfactory completion of the project.

DISCUSSION:

Background:

East Front Street has a collector functional classification and is orientated south to north parallel to US 101. East Front Street serves as the frontage road connector between the US 101 northbound off-ramp and the US 101 interchange with Santa Rosa Road. Due to heavy volumes of traffic, and in particular turning traffic exiting the freeway to use the gas stations on East Front, the roadway surface has deteriorated and is in need of repair. This project has been budgeted and included on the Capital Improvement Plan (CIP) for several years.

There are two segments of East Front that are failing for different reasons. The southerly segment, from the US 101 off-ramp to Montecito Avenue, has pavement failures located near the Shell Station driveways and at areas with poor surface drainage and ponding. The northerly segment, from Montecito Avenue to Santa Rosa Road, has pavement failures related to subgrade subsidence from settlement occurring naturally due to its fill material construction which has been accelerated by animal burrowing.

Analysis:

The most cost effective method for roadway rehabilitation through the southern segment of East Front (US 101 ramp to Montecito) was determined to be a 2.5-inch grind and overlay (mill and fill). Grind and overlays require existing pavement thickness to be sufficient to support construction traffic during the grinding stage, which pavement testing confirmed. There will also be localized full-depth dig outs where the existing pavement has inadequate structural stability. In general, the pavement through this section is structurally sound but environmentally weathered.

Pavement conditions for the northern segment of East Front (Montecito Avenue to Santa Rosa Road) have deteriorated to the point that a full section removal and replacement is required in the northbound lane. It was also determined that replaced pavement would most likely fail within a few years if additional measures were not taken to keep the fill soil from continuing to subside. To address this issue, pavement edges on both sides of East Front will be constructed with retaining curbs up to 3-feet deep. The southbound lane is generally in better structural condition and is proposed to be rehabilitated with a grind and overlay to match the southern segment.

The City contracted with Dakos Land Surveying to perform a topographic survey and with Earth Systems Pacific to perform soil borings and provide geotechnical evaluation recommendations. Engineering design and construction plans were prepared in-house by City staff, and the project was publicly bid starting March 20, 2018 in accordance with State Contracting Laws and the City's Purchasing Policy.

A total of four bid proposals were received at the bid opening on April 26, 2018 that ranged from \$224,000 to \$285,703. The bids were reviewed for accuracy and compliance with the City of Atascadero's bidding requirements, and it was determined that Souza Construction, Inc. of San Luis Obispo submitted the lowest responsive bid proposal for \$224,000. City staff considers the low bid to be very competitive for this project given the Engineer's estimate was \$266,100.

Since portions of the project are located within Caltrans Right-of-Way, a double Caltrans encroachment permit is required. The City has applied for an encroachment permit with Caltrans that is currently pending, and the contractor will be required to apply for a second permit upon issuance of the Notice to Proceed. As part of the encroachment permit, the contractor and City staff will work with Caltrans to coordinate lane closures, detours, and signal operations during construction.

If awarded, construction is anticipated to begin in late May or early June. The Contractor will be responsible for preparing and providing traffic control. Some inconvenience is expected to vehicular traffic along East Front Street, but City staff will work with the Contractor and Caltrans to minimize travel delays. Property owners in the project vicinity will be notified of construction schedule prior to work beginning.

FISCAL IMPACT:

The following tables summarize the estimated expenditures and funding for the project.

| ESTIMATED EXPENDITURES | |
|---|-----------|
| Project Design / Pavement Report and Recommendations | 8,800 |
| Construction Contract | 224,000 |
| Construction Inspection / Testing / Construction Admin. (10%) | 22,400 |
| Construction Contingency (20%) | 44,800 |
| Total Estimated Expenditures: | \$300,000 |

| BUDGET FUNDS | |
|---|-----------|
| Local Transportation Funds (East Front Street Pavement Rehabilitation – FY2017/2019 Budget) | 300,000 |
| Total Funding Sources | \$300,000 |

ATTACHMENT:

Bid Summary

City of Atascadero
Office of the City Clerk
Bid Summary

TO: Public Works
FROM: Amanda Muther, Deputy City Clerk
BID NO.: 2018-002
OPENED: 4/26/2018
PROJECT: East Front Pavement Rehabilitation Project

4 Bids were received and opened today, as follows:

| <u>Name of Bidder</u> | <u>Bid Total</u> |
|---|------------------|
| Souza Engineering Contracting, Inc. dba Souza Construction, Inc. | \$224,000.00 |
| R. Burke Corporation | \$255,650.00 |
| Calportland Construction | \$270,820.00 |
| Ferravanti Grading & Paving | \$285,703.00 |
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Atascadero City Council

Staff Report – Fire & Emergency Services

Weed Abatement – Hearing of Objections

RECOMMENDATIONS:

Council:

1. Hear all objections to the proposed removal of vegetative growth and/or refuse and allow or overrule any objections.
2. Authorize the Fire Chief to proceed and perform the work of abatement.

DISCUSSION:

The Municipal Code, Section 6-13.03, addresses the abatement of vegetative growth and/or refuse, which constitute a hazard. The Fire Department conducted its initial inspection during the month of April of the approximately 11,113 parcels within the City.

Compliance with the Weed Abatement Section of the City's Municipal Code is a critical component of the Fuel Management Plan. The City of Atascadero does not want to be in the mowing business. The intent of this program is to encourage citizens to independently manage the weeds on their properties. An efficient Fuel Management Program helps the City keep wildland fires at a minimum and helps manage the costs associated with staffing.

The City charges each parcel the direct costs of the contractor plus an additional 150% fee as a fine to those properties that are not in compliance with the Municipal Code. The fee structure is intended to cover 100% of the cost of the weed abatement program, insuring that compliant property owners/tax payers do not subsidize the cost of the program.

As part of the abatement process, the City Council is required to hear objections to the proposed removal of vegetative growth and/or refuse. This hearing allows any affected property owner to object to the proposed abatement of hazards on their property.

FISCAL IMPACT:

None. Costs of the weed abatement program are recovered through the assessments charged to non-compliant parcels that must be abated by the City Contractor. Those property owners who comply with the Municipal Code are not assessed or charged.

ATTACHMENTS:

None.



Atascadero City Council

Staff Report – Administrative Services Department

Consideration of Cannabis Tax Measure

RECOMMENDATION:

Council direct staff to bring back a resolution and ordinance to place a measure, imposing a tax on commercial cannabis activities, on the November 2018 ballot for citizen consideration.

REPORT-IN-BRIEF:

At Council's Strategic Planning Session in February 2018, Council discussed looking into a potential ballot measure that would place a tax on commercial cannabis activities. If directed by Council, staff will bring back a resolution for Council to consider placing on the City's November 2018 ballot.

At this time, no commercial cannabis activities are legal in the City. However, in the event that either some activities become legal at some point in the future or illegal activities are identified, the tax mechanism will already have been considered by the voters.

DISCUSSION:

On November 8, 2016, Proposition 64 was approved by California voters. Proposition 64, known as the Adult Use of Marijuana Act (AUMA), allows for the sale of recreational cannabis, and imposes state taxes on the sale and cultivation of recreational cannabis, beginning on January 2, 2018. It also allows local governments to regulate these commercial activities consistent with the land use and police powers bestowed on them by the state constitution, and the state licensing program. The state imposes a 15% excise tax on gross receipts from the sale of cannabis or any product derived therefrom, as well as a cultivation tax of \$9.25 per ounce of dried flower or \$2.75 per ounce of dried leaf – equivalent to an additional 10% tax.

Cannabis Tax Measure Process

The City has the legal authority to impose a business or excise tax upon the gross receipts of cannabis sales, services and transactions, provided the tax is approved by the voters as required by the California Constitution (Proposition 218, enacted by voters in November 1996). Under Prop. 218, the City Council does not have the authority to

establish or raise taxes, only to put a measure on the ballot for voter approval. In order to place a tax measure on the November 6, 2018 ballot, it takes a 2/3 vote of the City Council (at least 4 members). The voters must approve the establishment and rates of a commercial cannabis tax. If passed by the Council and the electorate, the tax would be effective January 1, 2019.

Proposition 218, now requires that all City tax election measures be placed on the same election when City Council Members are selected. The next Council election is scheduled for November 6, 2018. Subsequent Council elections are held every two years.

In order to add a measure to the ballot at the same time the election is called, and provide staff enough time to submit the proper paperwork to the County Clerk, related resolutions and ordinances need to be decided prior to June 18, 2018.

Advantages and Disadvantages of Cannabis Tax Measure

As with most policy actions, enacting a cannabis tax has advantages and disadvantages. Some arguments in favor include:

- If business activities become legalized at some point, the tax measure would generate additional City revenue from which all residents can benefit;
- Tax rates can be set to influence industry; high rates might discourage industry participation and low rates might encourage it;
- Businesses that are operating illegally would owe taxes, as well as those that may one day operate in the City legally;
- Cannabis taxes that are based on gross receipts are paid based on activity level;
- Cannabis taxes that are based on square footage are paid based on the size of the space that the business occupies;
- Because the tax is established by a vote of the local electorate, neither the tax nor the revenue it generates can be taken away by the State.

Some arguments against include:

- Additional taxes reduce the discretionary income of Atascadero residents;
- Tax increases are not generally perceived positively by the citizenry and may erode trust in local government.
- Taxes in an amount that the industry perceives as burdensome may drive businesses underground, rather than encourage them to operate legally in the City.

Decision points

The City hired HdL Companies as consultants to prepare information for Council on the tax measure and to prepare a resolution and ordinance, if needed. HdL Companies has extensive experience in preparation of commercial cannabis tax measures and have provided some recommendations on the decision points.

Amount of Proposed Tax

The commercial cannabis businesses that may be taxed include commercial cultivation, testing labs, retail sales (including both store front and non-store front), distribution, and manufacturing.

Rates can be set flat or can be scaled to increase over time. Council can reduce the tax rate at any time by resolution or ordinance. Commercial cannabis tax rates vary across cities. These rates can often influence industry activity in the city.

The following are suggested rates for discussions:

Commercial Cultivation

- a. Seven dollars (\$7.00) annually per square foot of canopy space in a facility that uses exclusively artificial lighting.
- b. Four dollars (\$4.00) annually per square foot of canopy space in a facility that uses a combination of natural and supplemental artificial lighting
- c. Two dollars (\$2.00) annually per square foot of canopy space in a facility that uses no artificial lighting.
- d. One dollar (\$1.00) annually per square foot of canopy space for any nursery.

Laboratory

- a. For every person who engages in the operation of a testing laboratory: one percent (1%) of gross receipts.

Retail Sales

- a. For every person who engages in the retail sales of cannabis as a retailer (dispensary) or non-store front retailer (delivery) or microbusiness (retail sales): Four percent (4%) of gross receipts.

Distribution

- a. For every person who engages in a cannabis distribution business: two percent (2%) of gross receipts.

Manufacturing

- a. For every person who engages in a cannabis manufacturing, processing, or microbusiness (non-retail), or any other type of cannabis business not described in Section (B) (1), (2), (3) or (4): Two and half percent (2.5%) of gross receipts.

According to industry representatives, cumulative taxes exceeding 30% across all businesses would become a barrier to businesses that wish to operate legally or otherwise drive cannabis businesses to other communities with more favorable tax policies. Under the AUMA, all cannabis businesses, whether they are medical or non-medical, are subject to a 15% state excise tax. In addition, cultivators are subject to a state tax of \$9.25 per ounce of flower or \$2.75 per ounce of leaf. The per-ounce tax on cultivation is equivalent to a 10-15% tax on gross receipts. For non-medical retail businesses, the consumer will also be subject to state and local sales taxes required to be collected by the retail business.

The state is issuing separate licenses for medical cannabis businesses and non-medical (adult use) cannabis businesses, although a business can have both. The medical cannabis businesses presumably will be developing different and more unique products needed for medicinal purposes. However, from a taxing perspective, the state's taxes apply equally to both. The only distinction from a taxing perspective is consumers that have a medical card issued by the state will be able to avoid paying state and local sales taxes, currently 7.75% in the City of Atascadero. As such, medical cannabis consumers will get some relief in price relative to recreational consumers.

Type of Tax Measure

A tax measure for a general tax requires a simple majority approval of voters. The monies from a general tax measure would be deposited into the City's General Fund and would be used to pay for general services, such as police, fire, recreation, parks, and library services.

There is a current initiative called the Tax Fairness, Transparency and Accountability Act. Its proponents are trying to get it qualified for the November 2018 ballot. If it passes, it will require, among other things, all state and local tax measures enacted after January 2018 to pass by 2/3 majority in order to be qualified. At the local level, this first requires a 2/3 vote by the City Council just to submit the tax to the voters, and a second 2/3 vote by the local electorate in order for the tax to become effective.

The City has an option to put the ballot measure on as a general tax measure that will require a simple majority, or alternatively, the City can put it on requiring a 2/3 vote (known as a super majority) that would meet the requirements in the event the Initiative passes.

Other Considerations

The sale of cannabis is not legal under federal law. Banks have generally not allowed cannabis businesses to establish bank accounts based on current federal law. Consequently, cities that have imposed a tax on cannabis have had to establish protocols and security procedures for the delivery of cash to their cashiers' office. A cash counting machine is used in most cases to facilitate and expedite the counting of the cash. Some cities have required appointments monthly for dispensaries to bring in the tax monies. In addition, assistance from the police department has been required in some cases to provide added security during the counts. Overall, the cash handling requirements have not created undue challenges or roadblocks to the imposition or collection of the taxes, but they have resulted in additional city costs.

Process

If directed by Council, staff will bring a resolution and ordinance back for consideration. If Council chooses to adopt the resolution, the measure will be placed on the November 2018 ballot for voter consideration.

FISCAL IMPACT:

None.



Atascadero City Council

Staff Report – Administrative Services

Agreement Authorizing the Repayment of Loans Made from the City to the Redevelopment Agency

RECOMMENDATION:

Council adopt resolution approving an “Agreement Regarding Reinstatement of Loans,” between the City of Atascadero and the Successor Agency to the Redevelopment Agency of the City of Atascadero authorizing the repayment of loans made from the City to the Redevelopment Agency and, following approval by the Oversight Board to the Successor Agency, direct the City Manager to execute the agreement.

DISCUSSION:

Background:

Pursuant to authority granted under Community Redevelopment Law (California Health and Safety Code Section 33000 *et seq.*) (“CRL”), the former Redevelopment Agency of the City of Atascadero (“Redevelopment Agency”) had responsibility to implement the Redevelopment Plans for the Redevelopment Project Area (“Project Area”).

Pursuant to Health and Safety Code Section 33220, the City was authorized to assist the Redevelopment Agency for the purpose of aiding and cooperating in the planning, undertaking, construction, and operation of redevelopment projects located within the jurisdiction of the City, upon the terms and with or without consideration as the City determined. The Redevelopment Agency, for its part, was authorized under Health and Safety Code Sections 33132 and 33601 to borrow money and accept financial assistance from the City for redevelopment projects located within the Redevelopment Agency’s jurisdiction, Consistent with the foregoing authority, the City made the following loans (collectively, the “Loans”) to the Redevelopment Agency:

- (a) a loan in the original principal amount of \$161,909, in accordance with the terms set forth in City of Atascadero Contract #99027 for the purpose of advancing funds to assist in the redevelopment of the Project Area, including funding operating costs for the Redevelopment Agency. The budget included expenditures for the Main Street Program, industrial redevelopment of the Project Area, and operations activities. The loan was shortly after the Redevelopment Agency was established, and before tax increment revenues had sufficient time to build up. This loan provided operating capital for the agency; and

- (b) a loan in the original principal amount of \$500,000, in accordance with the terms set forth in City of Atascadero Contract #2001-009, for the purpose of advancing funds to assist in the redevelopment of the Project Area, including funding operating costs for the Redevelopment Agency. This loan also provided operating capital in the early years of the Agency, prior to build up of tax increment and prior to any debt issuance; and
- (c) a loan in the original principal amount of \$720,000, in accordance with the terms set forth in City of Atascadero Contract #RA001-2002, for the purpose of advancing funds to assist in the redevelopment of the Project Area, specifically the purchase of certain real property. These funds were used for the purposes of removing blight through the purchase of a downtown building that, at that time, housed an adult-oriented business and the adjacent vacant lot.

The City agreed to serve as the successor agency to the former Redevelopment Agency (“Successor Agency”) commencing upon dissolution of the Redevelopment Agency on February 1, 2012. The Successor Agency came into being by operation of law on February 1, 2012 as part of the State’s dissolution of redevelopment in California pursuant to Assembly Bill Ext. 1 26 (ABx1 26).

The Successor Agency subsequently remitted all moneys in its accounts to the County of San Luis Obispo, a sum in excess of eleven million dollars (\$11,000,000) representing both housing funds and non-housing funds, as required by the dissolution legislation. The amount of non-housing funds remitted to the County exceeded the amount of housing funds borrowed by the former Redevelopment Agency to pay its obligations under the Supplemental Educational Revenue Augmentation Fund (“SERAF”) legislation of 2009; the payment of all funds of the Successor Agency effectively mooted the SERAF loan because all funds, whether housing or non-housing, were required to be remitted and in fact were remitted as the Successor Agency moved toward completing its obligations under the dissolution legislation.

When the Redevelopment Agency was dissolved in February 2012, the legislation that caused for the dissolution of redevelopment agencies made it so that all loans made by cities to former Redevelopment Agencies were no longer eligible for repayment. In June 2012, the dissolution law substantially changed with the passage of AB 1484. AB 1484 provided a mechanism by which these loans could be repaid as long as the Successor took a number of administrative steps to obtain a Finding of Completion. Pursuant to Health and Safety Code Section 34191.4(b), once a successor agency completed these specified obligations (including remittance of all moneys in its accounts to the county in which it is located) the successor agency was eligible to receive a Finding of Completion and any loan agreements entered into between the redevelopment agency and the entity that created the redevelopment agency were to be deemed to be enforceable obligations provided that the successor agency’s oversight board made a finding that the Sponsoring Jurisdiction Loans were for legitimate redevelopment purposes. The Successor Agency received a Finding of Completion on March 8, 2013.

In addition to requiring a Finding of Completion, AB 1484 outlined the following repayment criteria:

- Interest rates have to be recalculated from origination at a statutory interest rate;
- Loans have to be repaid in accordance with a defined schedule over a reasonable term of years;
- The annual amount of repayments are subject to specified limitations outlined in a complex formula; and
- Twenty percent of repaid amounts have to be deposited into the City Housing Successor Agency's housing fund.

On September 22, 2015, Governor Brown signed Senate Bill 107, a budget bill including, among other things, a modification to the language of Health and Safety Code Section 34191.4(b) concerning the manner in which interest on these loans is to be calculated. The modification, among other things, sets forth a single rate of interest and means by which to calculate interest for all of the loans. Specifically, all outstanding interest as of the date of dissolution is to be recalculated from the date of origination of the loan as approved by the Redevelopment Agency on a quarterly basis, at a simple interest rate of 3 percent (3%).

The total outstanding amount of the loans is \$1,375,174.54. One of the key requirements in 34191.4(b) states that the amount of property tax available to fund loan repayments is one-half of the difference between the Redevelopment Property Tax Trust Fund ("RPTTF") funds available in the current fiscal year and the RPTTF payments to the affected taxing entities in fiscal year 2012-13. In fiscal year 2012-13, the RPTTF payments to the affected taxing entities totaled \$196,237.80. It is anticipated that in fiscal year 2018-19 the affected taxing entities will receive in excess of \$1,592,981, so the amount available to pay the loan is one-half of the difference between \$1,592,981 and \$196,237.80. That amounts to \$698,372.

The amount anticipated to be available in future fiscal years to repay the loan admittedly will vary, as it continues to be subject to the repayment formula outlined in the law. This takes into account whether former tax increment amounts increase or decrease, enforceable obligations are reduced or eliminated, and any further legislative changes that may occur. The Agreement takes these unknowns into account and allows for repayment to be extended if financial needs warrant.

The Agreement also acknowledges that despite the \$698,372 available for repayment, it is fiscally prudent to repay a lesser amount each year and instead pass more property tax money through to the taxing entities. In particular, as the taxing entities have come to rely on the passed-through funds, the City does not desire to cause any undue harm to any taxing entity's budgetary process. The proposed agreement therefore assumes that payments will begin with the ROPS19-20, and will begin at \$180,000, and increase gradually. This lessens the fiscal impact on the affected taxing entities. With this proposed schedule (Exhibit A to Attachment 1), it is anticipated that it will take until 2025/2026 for the entire \$1,375,174.54 and interest to be repaid.

Upon approval by the City Council and the Successor Agency, the Successor Agency must present the amendment to the Agreement to the Oversight Board. An Oversight Board meeting is scheduled for May or June 2018 to consider this item. Contingent on the approval of the Oversight Board, the Amendment will be provided to the Department of Finance, which has the ultimate approval authority. Upon approval by the Department of Finance, the Successor Agency will list the Agreement as an enforceable obligation on the Recognized Obligation Payment Schedules (ROPS) and receive future allocations from the County Auditor-Controller's Redevelopment Property Tax Trust Fund (which was formally redevelopment tax increment) so that the loan can be fully repaid.

FISCAL IMPACT:

This action by the City Council will provide repayment to the City in the amount of \$180,000 in Fiscal Year 2019-20, of which \$144,000 would be used to reimburse the General Fund that made the loans originally, and \$36,000 would be required to be deposited in to the City's Housing Successor Agency fund to be utilized to further affordable housing efforts in the City. Additional amounts would be repaid in future years until the full amount of the loan is repaid in Fiscal Year 2025-26.

ATTACHMENT:

Draft Resolution with Exhibit A (Agreement Regarding Reinstatement of Loans)

DRAFT RESOLUTION

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ATASCADERO, CALIFORNIA, APPROVING AN AGREEMENT REGARDING REINSTATEMENT OF CITY LOANS MADE TO THE FORMER REDEVELOPMENT AGENCY

WHEREAS, pursuant to authority granted under Community Redevelopment Law (California Health and Safety Code Section 33000 *et seq.*) (“CRL”), the former Redevelopment Agency of the City of Atascadero (“Redevelopment Agency”) had responsibility to implement the Redevelopment Plans for the Redevelopment Project Area (“Project Area”); and

WHEREAS, the City of Atascadero (“City”) agreed to serve as the Successor Agency to the Redevelopment Agency (“Successor Agency”) commencing upon dissolution of the Redevelopment Agency on February 1, 2012 pursuant to Assembly Bill Ext. 1 26 (ABx1 26); and

WHEREAS, pursuant to Health and Safety Code Section 33220, the City was authorized to assist the Redevelopment Agency for the purpose of aiding and cooperating in the planning, undertaking, construction, and operation of redevelopment projects located within the jurisdiction of the City, upon the terms and with or without consideration as the City determined; and

WHEREAS, pursuant to Health and Safety Code Section 33445, the Redevelopment Agency was authorized to enter into agreements with the City pursuant to which the Redevelopment Agency would agree to reimburse the City for funds provided by the City for the cost of installation and construction of public improvements, structures and facilities located within or outside the Project Areas; and

WHEREAS, pursuant to Health and Safety Code Sections 33132 and 33601, the Redevelopment Agency was authorized to borrow money and accept financial assistance from the City for redevelopment projects located within the Redevelopment Agency’s jurisdiction; and

WHEREAS, consistent with the foregoing authority, the City made the following loans (collectively, the “Loans”) to the Redevelopment Agency:

- (a) a loan in the original principal amount of \$161,909, in accordance with the terms set forth in City of Atascadero Contract #99027 for the purpose of advancing funds to assist in the redevelopment of the Project Area, including the funding operating costs for the Redevelopment Agency; and
- (b) a loan in the original principal amount of \$500,000, in accordance with the terms set forth in City of Atascadero Contract #2001-009, for the purpose of advancing funds to assist in the redevelopment of the Project Area, including the funding operating costs for the Redevelopment Agency; and

(c) a loan in the original principal amount of \$720,000, in accordance with the terms set forth in City of Atascadero Contract #RA001-2002, for the purpose of advancing funds to assist in the redevelopment of the Project Area, specifically the purchase of certain real property; and

WHEREAS, the Successor Agency came into being by operation of law on February 1, 2012 as part of the dissolution of redevelopment in California pursuant to ABx1 26. The Successor Agency subsequently remitted all moneys in its accounts to the County of San Luis Obispo, a sum in excess of Eleven Million Dollars (\$11,000,000) representing both housing funds and non-housing funds, as required by the dissolution legislation; and

WHEREAS, the amount of non-housing funds remitted to the County exceeded the amount of housing funds borrowed by the former Redevelopment Agency to pay its obligations under the Supplemental Educational Revenue Augmentation Fund (“SERAF”) legislation of 2009; the payment of all funds of the Successor Agency effectively mooted the SERAF loan because all funds, whether housing or non-housing, were required to be remitted and in fact were remitted as the Successor Agency moved toward completing its obligations under the dissolution legislation;

WHEREAS, pursuant to Health and Safety Code Section 34191.4(b), once a successor agency has received a Finding of Completion pursuant to Health and Safety Code Section 34179.7, loan agreements entered into between the redevelopment agency and the entity that created the redevelopment agency (“Sponsoring Jurisdiction Loans”) shall be deemed to be enforceable obligations provided that the successor agency’s oversight board makes a finding that the Sponsoring Jurisdiction Loans were for legitimate redevelopment purposes; and

WHEREAS, the Successor Agency received a Finding of Completion on March 8, 2013; and

WHEREAS, Health and Safety Code Section 34191.4(b)(2) as written after the adoption of Senate Bill 107 now provides that: (i) interest on the remaining principal amount of the Loans that was left unpaid after the original effective date thereof is to be recalculated from the date of origination as approved by the former Redevelopment Agency on a quarterly basis, at a simple interest rate of 3 percent, (ii) Sponsoring Jurisdiction Loans shall be repaid to the sponsoring jurisdiction in accordance with a defined schedule over a reasonable term of years and otherwise in compliance with the limitations of Section 34191.4(b)(2), and (iii) the annual amount of repayments for Sponsoring Jurisdiction Loans provided for in the Recognized Obligation Payment Schedule (“ROPS”) is subject to specified limitation; and

WHEREAS, the City and Successor Agency now wish to enter into an Agreement Regarding Reinstatement of Loan (“Agreement”) pursuant to terms consistent with Health and Safety Code Section 34191.4(b)(2) and other terms of the statutes governing dissolution of redevelopment in California; and

WHEREAS, in May or June 2018, the Successor Agency’s Oversight Board (“Oversight Board”) will consider a resolution pursuant to which the Oversight Board will be asked to approve repayment of the Loans in accordance with the Agreement, Exhibit A, on file in the City

Clerk’s Office and incorporated herein by this reference, which findings are necessary for final approval of the Agreement.

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Atascadero:

SECTION 1. The City Council hereby finds that the facts set forth in the recitals to this Resolution are true and correct, and establish the factual basis for the City Council’s adoption of this Resolution.

SECTION 2. The Agreement is approved, and the City Manager or her designee is authorized to execute the Agreement on behalf of the City substantially in the form presented with the staff report accompanying this Resolution.

SECTION 3. The City Manager and her designees are authorized to take such further actions as may be necessary to carry out the intent of this Resolution.

SECTION 4. The City Clerk shall certify to the adoption of the Resolution.

PASSED AND ADOPTED at a regular meeting of the City Council held on the ___ day of _____, 2018.

On motion by Council Member _____ and seconded by Council Member _____, the foregoing Resolution is hereby adopted in its entirety on the following roll call vote:

AYES:
NOES:
ABSENT:

CITY OF ATASCADERO

Tom O’Malley, Mayor

ATTEST:

Lara K. Christensen, City Clerk

APPROVED AS TO FORM:

Brian Pierik, City Attorney

AGREEMENT REGARDING REINSTATEMENT OF LOAN
(City of Atascadero/Successor Agency to the Atascadero Redevelopment Agency)

THIS AGREEMENT REGARDING REINSTATEMENT OF LOAN (this “**Agreement**”) is entered into effective as of _____, 2018 (“**Effective Date**”) by and between the Successor Agency to the City of Atascadero Redevelopment Agency (“**Successor Agency**”) and the City of Atascadero, a municipal corporation (“**City**”). The Successor Agency and the City are hereinafter collectively referred to as the “**Parties**.”

RECITALS

A. Pursuant to authority granted under Community Redevelopment Law (California Health and Safety Code Section 33000 *et seq.*) (“**CRL**”), the former Redevelopment Agency of the City of Atascadero (“**Redevelopment Agency**”) had responsibility to implement the Redevelopment Plans for the Redevelopment Project Area (“**Project Area**”); and

B. The City agreed to serve as the successor agency to the former Atascadero Redevelopment Agency commencing upon dissolution of the Redevelopment Agency on February 1, 2012 pursuant to Assembly Bill X1 26; and

C. Pursuant to Health and Safety Code Section 33220, the City was authorized to assist the Redevelopment Agency for the purpose of aiding and cooperating in the planning, undertaking, construction, and operation of redevelopment projects located within the jurisdiction of the City, upon the terms and with or without consideration as the City determined; and

D. Pursuant to Health and Safety Code Section 33445, the Redevelopment Agency was authorized to enter into agreements with the City pursuant to which the Redevelopment Agency would agree to reimburse the City for funds provided by the City for the cost of installation and construction of public improvements, structures and facilities located within or outside the Project Area; and

E. Pursuant to Health and Safety Code Sections 33132 and 33601, the Redevelopment Agency was authorized to borrow money and accept financial assistance from the City for redevelopment projects located within the Redevelopment Agency’s jurisdiction; and

F. Consistent with the foregoing authority, the City made the following loans (collectively, the “**Loans**”) to the Redevelopment Agency:

- (a) a loan in the original principal amount of \$161,909, in accordance with the terms set forth in City of Atascadero Contract #99027 for the purpose of advancing funds to assist in the redevelopment of the Project Area, including the funding of operating costs for the Redevelopment Agency; and

(b) a loan in the original principal amount of \$500,000, in accordance with the terms set forth in City of Atascadero Contract #2001-009, for the purpose of advancing funds to assist in the redevelopment of the Project Area, including the funding of operating costs for the Redevelopment Agency; and

(c) a loan in the original principal amount of \$720,000, in accordance with the terms set forth in City of Atascadero Contract #RA001-2002, for the purpose of advancing funds to assist in the redevelopment of the Project Area, specifically the purchase of certain real property; and

G. The Successor Agency came into being by operation of law on February 1, 2012 as part of the dissolution of redevelopment in California pursuant to Assembly Bill 26 (1st Extraordinary Session). The Successor Agency subsequently remitted all moneys in its accounts to the County of San Luis Obispo, a sum in excess of Eleven Million Dollars (\$11,000,000) representing both housing funds and non-housing funds, as required by the dissolution legislation; and

H. The amount of non-housing funds remitted to the County exceeded the amount of housing funds borrowed by the former Redevelopment Agency to pay its obligations under the Supplemental Educational Revenue Augmentation Fund (“SERAF”) legislation of 2009; the payment of all funds of the Successor Agency effectively mooted the SERAF loan because all funds, whether housing or non-housing, were required to be remitted and in fact were remitted as the Successor Agency moved toward completing its obligations under the dissolution legislation;

I. Pursuant to Health and Safety Code Section 34191.4(b), once a successor agency completed certain specified obligations (including remittance of all moneys in its accounts to the county in which it is located) the successor agency was eligible to receive a Finding of Completion pursuant to Health and Safety Code Section 34179.7; at such time any loan agreements entered into between the redevelopment agency and the entity that created the redevelopment agency (“**Sponsoring Jurisdiction Loans**”) shall be deemed to be enforceable obligations provided that the successor agency’s oversight board makes a finding that the Sponsoring Jurisdiction Loans were for legitimate redevelopment purposes; and

J. The Successor Agency received a Finding of Completion on March 8, 2013; and

K. Health and Safety Code Section 34191.4(b)(2) provides that: (i) interest on the remaining principal amount of the Loans that was left unpaid after the original effective date thereof is to be recalculated from the date of origination as approved by the former Redevelopment Agency on a quarterly basis, at a simple interest rate of 3 percent, (ii) Sponsoring Jurisdiction Loans shall be repaid to the sponsoring jurisdiction in accordance with a defined schedule over a reasonable term of years and otherwise in compliance with the limitations of Section 34191.4(b)(2), and (iii) the annual amount of repayments for Sponsoring Jurisdiction Loans provided for in the Recognized Obligation Payment Schedule (“**ROPS**”) is subject to specified limitations.

L. This Agreement provides for repayment of the Loans in accordance with the requirements of Health and Safety Code Section 34191.4(b), and commits the City to use the Loan repayment proceeds in accordance with Health and Safety Code Section 34191.4(b).

M. On _____, 2018, the Oversight Board for the Successor Agency (“**Oversight Board**”) adopted Resolution No. ___ pursuant to which the Oversight Board adopted findings determining that the Loans were made for legitimate redevelopment purposes as authorized by and consistent with the CRL, authorized the Successor Agency to enter into this Agreement, and authorized the Successor Agency to list this Agreement and repayment of the Loans on the ROPS.

NOW, THEREFORE, the Successor Agency and the City agree as follows:

1. Reinstatement of Loans; Outstanding Principal Balances. The Parties acknowledge and agree that pursuant to the facts stated in the foregoing Recitals, which by this reference are incorporated into this Agreement, the Loans constitute enforceable obligations, eligible to be listed on the Successor Agency’s ROPS and repaid pursuant to and in accordance with Health and Safety Code Section 34191.4(b). The Parties acknowledge and agree that as of the Effective Date, the outstanding principal balance of the Loans is as follows:

- (a) The Loan evidenced by City of Atascadero Contract #99027 has an outstanding principal balance in the amount of \$155,174.54; and
- (b) The Loan evidenced by City of Atascadero Contract #2001-009 has an outstanding principal balance in the amount of \$500,000;
- (c) The Loan evidenced by City of Atascadero Contract #RA001-2002 has an outstanding principal balance in the amount of \$720,000.

Thus, the total amount outstanding is \$1,375,174.54. The Parties acknowledge and agree that the former Redevelopment Agency regularly made interest payments on the Loans but did not pay off the principal as of the Redevelopment Dissolution Date.

2. Interest Rate. In accordance with Health and Safety Code Section 34191.4(b)(3), commencing upon the Effective Date of the Amendment, interest shall be recalculated on the outstanding principal balance of the Loans at a rate equal to the rate set forth in Health and Safety Code Section 34191.4(b)(3) (the “**Interest Rate**”). Interest shall be calculated from February 1, 2012, in light of the fact that the Redevelopment Agency was current on its interest payments as of the date that its activities were frozen by Assembly Bill 26, and interest shall continue to accrue in accordance with this Section until the total amount of the Loans is repaid in full. Interest shall be calculated on the basis of a year of 365 days and charged for the actual number of days elapsed.

3. Repayment Term. The Loans shall be repaid in in annual or semi-annual installments in an amount not to exceed the sum determined pursuant to Health and Safety Code Section 34191.4(b)(3)(A) (i.e., in the aggregate, the payments made in each fiscal year shall not exceed one-half of the increase between the amount distributed to the taxing entities pursuant to paragraph (4) of subdivision (a) of Section 34183 in each fiscal year and the amount distributed to the taxing entities pursuant to that paragraph in the 2012-13 base year). Payments shall be applied first to outstanding principal, and then to accrued interest. Notwithstanding the foregoing, if the amount of funds available to be distributed by the San Luis Obispo County Auditor-Controller from the Redevelopment Property Tax Trust Fund for any ROPS period is not sufficient to fully fund the other enforceable obligations on the Successor Agency’s ROPS, payments due on the Loans, and the administrative costs of the Successor Agency for that period,

then the amount of the Loan payments due shall be reduced to the extent necessary to fully fund the other enforceable obligations and administrative costs. The reduced Loan payments shall be applied first to outstanding principal, and then to accrued interest. In that event, the unpaid portion of the payment shall be deferred and the term for repayment of the Loans shall be extended for additional, successive ROPS periods as necessary until all outstanding principal and accrued interest has been repaid in full.

As reflected in the attached Exhibit A, based on current projections, the Parties anticipate that the Loans will be repaid in full by not later than 2026.

4. Use of Loan Repayment Funds. The City shall use the required portion of Loan repayments in accordance with the requirements of Health and Safety Code Section 34191.4(b)(2)(C) to fund the City's Low and Moderate Income Housing Asset Fund established by the City in its capacity as the housing successor to the Redevelopment Agency. The Parties agree that the Successor Agency's remittance of an amount in excess of \$11,000,000 to the County of San Luis Obispo pursuant to the redevelopment dissolution law, including an amount of non-housing funds sufficient to fully retire all amounts previously borrowed from the Low and Moderate Income Housing Fund of the Redevelopment Agency has eliminated the need for the City to comply with Health and Safety Code Section 34191.4(b)(2)(B). Therefore, any repayment amounts remaining after the City complies with Health and Safety Code Section 34191.4(b)(2)(C) may be used by the City for general purposes identified in the discretion of the City Council.

5. Subordination. Notwithstanding any contrary provision hereof, the Parties agree that the Successor Agency's obligation to repay the Loans shall be subordinate to the pledge of tax increment revenue for the payment of debt service on tax allocation bonds or other indebtedness issued by the Redevelopment Agency, the payment of the Successor Agency's other enforceable obligations, and the payment of the Successor Agency's administrative costs.

6. Amendments. No amendment to or modification of this Agreement shall be effective unless and until such amendment or modification is in writing, properly approved in accordance with applicable procedures, and executed by the Parties.

7. Severability. If any term, provision, covenant, or condition set forth in this Agreement is held by the final judgment of a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions, covenants, and conditions shall continue in full force and effect to the extent that the basic intent of the Parties as expressed herein can be accomplished. In addition, the Parties shall cooperate in good faith in an effort to amend or modify this Agreement in a manner such that the purpose of any invalidated or voided provision, covenant, or condition can be accomplished to the maximum extent legally permissible.

8. No Third-Party Beneficiaries; Assignments. Nothing in this Agreement is intended to create any third-party beneficiaries to this Agreement, and no person or entity other than the Successor Agency and the City, and the permitted successors and assigns of either of them, shall be authorized to enforce the provisions of this Agreement.

9. Further Assurances. Each Party agrees to execute, acknowledge and deliver all additional documents and instruments, and to take such other actions as may be reasonably necessary to carry out the intent of the transactions contemplated by this Agreement.
10. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.
11. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same instrument.

SIGNATURES ON FOLLOWING PAGES.

IN WITNESS WHEREOF, the Parties have executed this Agreement effective as of the date first written above.

CITY:

SUCCESSOR AGENCY:

CITY OF ATASCADERO

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF ATASCADERO

By: _____
City Manager

By: _____
City Manager of the City of Atascadero

Attest: _____
City Clerk

Attest: _____
City Clerk of the City of Atascadero

Approved as to form:

Approved as to form:

By: _____
City Attorney

By: _____
City Attorney and Legal Counsel to
Successor Agency

Exhibit A

SUCCESSOR AGENCY CASH FLOW FORECAST - CITY LOAN REPAYMENT SCHEDULE

| | <u>Principal</u> | <u>Accrued Interest Payable (Simple)</u> |
|---|------------------------|--|
| Outstanding Loan Amounts | | |
| Loan #1 | \$ 155,174.54 | \$ 34,488.13 |
| Loan #2 | 500,000.00 | 111,126.88 |
| Loan #3 | 720,000.00 | 160,022.71 |
| Total Outstanding 7/1/2019 | <u>\$ 1,375,174.54</u> | <u>\$ 305,637.71</u> |
| | | |
| Maximum Payment Amount | | |
| Estimated Residual RPTTF 2018 | \$ 1,592,981.00 | |
| Less: 2012-2013 Residual RPTTF distributed | <u>(196,237.80)</u> | |
| | 1,396,743.20 | |
| Times .5 | <u>0.50</u> | |
| Maximum Payment Amount | <u>\$ 698,372.00</u> | |

| Date | Payment | Amount to Low/Mod | Principal Payments | Interest Payments | Interest Earned | Principal Balance | Accumulated Interest |
|-------------------|--------------|----------------------|-----------------------|----------------------|--------------------|-------------------|-------------------------|
| Beginning Balance | | | | | | \$ 1,375,174.54 | \$ 305,637.71 |
| 7/1/2019 | \$ 90,000.00 | \$ (18,000.00) | \$ 72,000.00 | \$ - | \$ - | 1,303,174.54 | 305,637.71 |
| 10/1/2019 | | | - | - | 9,854.14 | 1,303,174.54 | 315,491.86 |
| 1/1/2020 | 90,000.00 | (18,000.00) | 72,000.00 | - | 9,854.14 | 1,231,174.54 | 325,346.00 |
| 4/1/2020 | | | - | - | 9,208.51 | 1,231,174.54 | 334,554.51 |
| 7/1/2020 | 115,000.00 | (23,000.00) | 92,000.00 | - | 9,208.51 | 1,139,174.54 | 343,763.02 |
| 10/1/2020 | | | - | - | 8,614.03 | 1,139,174.54 | 352,377.05 |
| 1/1/2021 | 115,000.00 | (23,000.00) | 92,000.00 | - | 8,614.03 | 1,047,174.54 | 360,991.08 |
| 4/1/2021 | | | - | - | 7,746.22 | 1,047,174.54 | 368,737.31 |
| 7/1/2021 | 140,000.00 | (28,000.00) | 112,000.00 | - | 7,832.29 | 935,174.54 | 376,569.60 |
| 10/1/2021 | | | - | - | 7,071.46 | 935,174.54 | 383,641.06 |
| 1/1/2022 | 140,000.00 | (28,000.00) | 112,000.00 | - | 7,071.46 | 823,174.54 | 390,712.51 |
| 4/1/2022 | | | - | - | 6,089.24 | 823,174.54 | 396,801.75 |
| 7/1/2022 | 165,000.00 | (33,000.00) | 132,000.00 | - | 6,156.89 | 691,174.54 | 402,958.64 |
| 10/1/2022 | | | - | - | 5,226.42 | 691,174.54 | 408,185.06 |
| 1/1/2023 | 165,000.00 | (33,000.00) | 132,000.00 | - | 5,226.42 | 559,174.54 | 413,411.47 |
| 4/1/2023 | | | - | - | 4,136.36 | 559,174.54 | 417,547.83 |
| 7/1/2023 | 190,000.00 | (38,000.00) | 152,000.00 | - | 4,182.32 | 407,174.54 | 421,730.15 |
| 10/1/2023 | | | - | - | 3,078.91 | 407,174.54 | 424,809.06 |
| 1/1/2024 | 190,000.00 | (38,000.00) | 152,000.00 | - | 3,078.91 | 255,174.54 | 427,887.97 |
| 4/1/2024 | | | - | - | 1,908.57 | 255,174.54 | 429,796.54 |
| 7/1/2024 | 215,000.00 | (43,000.00) | 172,000.00 | - | 1,908.57 | 83,174.54 | 431,705.10 |
| 10/1/2024 | | | - | - | 628.94 | 83,174.54 | 432,334.04 |
| 1/1/2025 | 215,000.00 | (43,000.00) | 83174.54 | 88,825.46 | 628.94 | - | 344,137.51 |
| 4/1/2025 | | | - | - | - | - | 344,137.51 |
| 7/1/2025 | 215,000.00 | (43,000.00) | - | 172,000.00 | - | - | 172,137.51 |
| 10/1/2025 | | | - | - | - | - | 172,137.51 |
| 1/1/2026 | 215,171.89 | (43,034.38) | - | 172,137.51 | - | - | - |

3% Interest earned- simple interest calculated quarterly until principal is paid off (simple interest means no interest on outstanding interest payments)