



**CITY OF FOLSOM  
BROADSTONE No. 4  
LANDSCAPING AND LIGHTING ASSESSMENT DISTRICT  
FINAL ENGINEER'S REPORT**

JULY 2015

PURSUANT TO THE LANDSCAPING AND LIGHTING ACT OF 1972 AND ARTICLE XIIIID OF THE CALIFORNIA CONSTITUTION

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**CITY OF FOLSOM**

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**LANDSCAPING AND LIGHTING DISTRICT MANAGER**

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## INTRODUCTION

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The original Broadstone 1 for a smaller portion of Broadstone Landscaping and Lighting District was formed in 1992 and later expanded to include the remaining properties in 1994 (also known as "Broadstone L&L") as a special benefit assessment district whose purpose is the maintenance and improvement of the District's street lighting, landscaping and facilities including the bike trails, walkways, neighborhood parks, open spaces, landscape corridors and public places, fences, and walls, and other services such as electricity and water.

The original District's special assessment does not include an annual "cost of living" increase, and therefore, the assessment rate has remained static, while the cost of maintaining and servicing the Broadstone L&L's improvements has increased. This has made it difficult to continue maintaining and servicing the Broadstone L&L at the same service level as when the Broadstone L&L was formed. In addition, common maintenance activities have been deferred: the walls, signage, and landscaped areas need significant repairs or replacement. Therefore, this Engineer's Report ("Report") proposes that the Broadstone No. 4 Landscaping and Lighting Assessment ("Assessment District") be formed, including a cost-of-living increase provision, to provide additional funding for maintenance, repairs and improvements in the Broadstone L&L in order to bring the Broadstone L&L to the level of service it was originally intended to provide.

This Engineer's Report establishes the budget for the improvements ("Improvements") and services to be undertaken by the Assessment District that will be funded by the proposed 2015-16 assessments and also determines the benefits received from the maintenance and improvements by property within the District as well as the method of assessment apportionment to lots and parcels. This Report and the proposed assessments have been made pursuant to the Landscaping and Lighting Act of 1972, Part 2 of Division 15 of the California Streets and Highways Code (the "Act") and Article XIID of the California Constitution (the "Article").

## ASSESSMENT PROCESS

Following submittal of this Report to the City of Folsom City Council ("Council") for preliminary approval, the Council may, by Resolution, call for an assessment ballot proceeding and Public Hearing on the establishment of the Broadstone No. 4 Landscaping and Lighting Assessment District.

If the Council approves such Resolution and calls for the mailing of notices and ballots, a notice of assessment and assessment ballot will be mailed to property owners at least 45 days prior to the date of the Public Hearing set by the Council. Such notice would include a description of the assessments as well as an explanation of the method of voting on the assessments. Each notice would include a ballot on which the property owner could mark his or her approval or disapproval of the assessments and a ballot return envelope.

After the ballots are mailed to property owners, a minimum 45-day time period must be provided for the return of the assessment ballots. Following this 45-day time period, a public hearing must be held for the purpose of allowing public testimony regarding the proposed assessments and services. At this hearing, the public would have the opportunity to provide input on this issue and would have a final opportunity to submit ballots. After the conclusion of the public input portion of the hearing, the hearing may be continued to a later time to allow time for the tabulation of ballots.

With the passage of Proposition 218 on November 6, 1996, The Right to Vote on Taxes Act, now Article XIII C and XIII D of the California Constitution, the proposed assessments can be levied for fiscal year 2015-16, and future years, only if the ballots submitted in favor of the assessments are greater than the ballots submitted in opposition to the assessments. (Each ballot is weighted by the amount of proposed assessment for the property that it represents).

If it is determined, when the tabulation results are announced, that the assessment ballots submitted in opposition to the proposed assessments do not exceed the assessment ballots submitted in favor of the assessments (weighted by the proportional financial obligation of the property for which ballots are submitted) the Council may take action, by resolution, to approve the levy of the assessments for fiscal year 2015-16 and future fiscal years. If the assessments are so confirmed and approved, the levies would be submitted to the Sacramento County Auditor for inclusion on the property tax rolls for fiscal year 2015-16.

If the assessments are so confirmed and approved, the Assessment District would commence in fiscal year 2015-16 to establish and provide the improvements and services described in this report.

If the assessments are so confirmed and approved, they may be continued in future years and may be increased in future years starting in the sixth year by an annual adjustment tied to the San Francisco Consumer Price Index, with a maximum annual adjustment not to exceed 3%. The procedures for levy of the assessments in future years commence with the creation of a budget for the upcoming fiscal year's costs and services, an updated assessment roll listing all parcels and their proposed assessments for the upcoming fiscal year and the preparation of an updated Engineer's Report. After these documents are prepared and submitted, they could be reviewed and preliminarily approved by the Council at a public meeting. At this meeting, the Council could also call for the publication in a local newspaper of the intent to continue the assessment and set the date for a noticed public hearing. At the annual public hearing, members of the public could provide input to the Council prior to the Council's decision on continuing the services and assessments for the next fiscal year.

## LEGISLATIVE ANALYSIS

### **PROPOSITION 218**

This assessment is formed consistent with Proposition 218, The Right to Vote on Taxes Act, which was approved by the voters of California on November 6, 1996, and is now Article XIII C and XIII D of the California Constitution. Proposition 218 provides for benefit assessments to be levied to fund the cost of providing services, improvements, as well as maintenance and operation expenses to a public improvement which benefits the assessed property.

Proposition 218 describes a number of important requirements, including a property-owner balloting, for the formation and continuation of assessments, and these requirements are satisfied by the process used to establish this assessment.

### **SILICON VALLEY TAXPAYERS ASSOCIATION, INC. V SANTA CLARA COUNTY OPEN SPACE AUTHORITY**

In July of 2008, the California Supreme Court issued its ruling on the Silicon Valley Taxpayers Association, Inc. v. Santa Clara County Open Space Authority ("SVTA vs. SCCOSA"). This ruling is the most significant court case in further legally clarifying the substantive assessment requirements of Proposition 218. Several of the most important elements of the ruling included further emphasis that:

- Benefit assessments are for special, not general, benefit
- The services and/or improvements funded by assessments must be clearly defined
- Special benefits are directly received by and provide a direct advantage to property in the assessment district

### **DAHMS V. DOWNTOWN POMONA PROPERTY**

On June 8, 2009, the 4<sup>th</sup> Court of Appeal amended its original opinion upholding a benefit assessment for property in the downtown area of the City of Pomona. On July 22, 2009, the California Supreme Court denied review. On this date, Dahms became good law and binding precedent for assessments. In Dahms the court upheld an assessment that was 100% special benefit (i.e. 0% general benefit) on the rationale that the services and improvements funded by the assessments were directly provided to property in the assessment district. This Court also upheld discounts and exemptions from the assessment for certain properties.

### **BONANDER V. TOWN OF TIBURON**

On December 31, 2009, the 1<sup>st</sup> District Court of Appeal overturned a benefit assessment approved by property owners to pay for placing overhead utility lines underground in an area of the Town of Tiburon. The Court invalidated the assessments on the grounds that the assessments had been apportioned to assessed property based in part on relative costs within sub-areas of the assessment district instead of proportional special benefits.



**BEUTZ V. COUNTY OF RIVERSIDE**

On May 26, 2010 the 4<sup>th</sup> District Court of Appeal issued a decision on the Steven Beutz v. County of Riverside (“Beutz”) appeal. This decision overturned an assessment for park maintenance in Wildomar, California, primarily because the general benefits associated with improvements and services were not explicitly calculated, quantified and separated from the special benefits.

**GOLDEN HILL NEIGHBORHOOD ASSOCIATION V. CITY OF SAN DIEGO**

On September 22, 2011, the San Diego Court of Appeal issued a decision on the Golden Hill Neighborhood Association v. City of San Diego appeal. This decision overturned an assessment for street and landscaping maintenance in the Greater Golden Hill neighborhood of San Diego, California. The court described two primary reasons for its decision. First, like in Beutz, the court found the general benefits associated with services were not explicitly calculated, quantified and separated from the special benefits. Second, the court found that the City had failed to record the basis for the assessment on its own parcels.

**COMPLIANCE WITH CURRENT LAW**

This Engineer’s Report is consistent with the requirements of Article XIIC and XIID of the California Constitution and with the *SVTA* decision because the improvements to be funded are clearly defined; the improvements are directly available to and will directly benefit property in the Assessment District; and the improvements provide a direct advantage to property in the Assessment District that would not be received in absence of the Assessments.

This Engineer’s Report is consistent with *Dahms* because, similar to the Downtown Pomona assessment validated in *Dahms*, the Services will be directly provided to property in the Assessment District. Moreover, while *Dahms* could be used as the basis for a finding of 0% general benefits, this Engineer’s Report establishes a more conservative measure of general benefits.

This Engineer’s Report is consistent with *Beutz*, *Dahms* and *Greater Golden Hill* because the improvements will directly benefit property in the Assessment District and the general benefits have been explicitly calculated and quantified and excluded from the Assessments. The Engineer’s Report is consistent with *Bonander* because the Assessments have been apportioned based on the overall cost of the improvements and proportional special benefit to each property.

## PLANS AND SPECIFICATIONS

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The first five years of the proposed Broadstone No. 4 Assessment District is designed to address immediate, but short term repairs required to repair and/or replace sections of the sound wall, turf renovations, repair or replace irrigation facilities that have been badly damaged or for which maintenance has been deferred and to supplement ongoing maintenance funding shortfalls. In addition, some funds will be collected and allocated for future life cycle costs and replacements. This portion of the Assessment is intended to be collected in the first five years and will be reduced to a lower assessment rate starting in year six.

In year six the proposed Assessment District is designed to continue to cover ongoing maintenance cost that will be providing the incremental increase needed to adequately maintain the improvements into the future that are within the existing Broadstone L&L. The improvements within the Broadstone L&L include, but are not limited to, landscaping, irrigation, backflows, walls, fences, streetlights, signage, and trees, neighborhood parks, open space, and trails. The amount of the Assessment in year six will stay in place each year as approved by the City Council and will have an escalator built into it starting on the sixth year to allow for cost of living increases when needed.

The improvements, maintenance, and services proposed to be undertaken by the new formation of Broadstone No. 4 Assessment District, and the cost thereof paid from the levy of the annual assessment provide special benefit to Assessor Parcels within the District as defined in the Method of Assessment herein. Consistent with the Landscaping and Lighting Act of 1972, (the "Act") the improvements, maintenance and services are generally described as follows in the section below.

### DESCRIPTION OF IMPROVEMENTS

Within the Broadstone No. 4 Landscaping and Lighting District, the existing improvements and proposed improvements resulting from this new assessment are generally described as including, but not limited to sound wall repair and/or replacement, monument sign repair and/or replacement, as well as "deferred maintenance" including the installation, maintenance and servicing of landscaping, turf renovation, shrubs and trees, neighborhood parks, open space, pedestrian trails, irrigation systems, drainage systems, street lighting, soundwalls, retaining walls, fencing and all necessary appurtenances, and labor, materials, supplies, utilities and equipment, as applicable, for public property within the District boundaries that convey special benefits to private properties within the District.

As applied herein, "maintenance" means the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of the improvements, including repair, removal or replacement of all or any part of any improvement; providing for the life, growth, health, and beauty of landscaping including cultivation, irrigation, trimming, spraying, fertilization, or treating for diseases or injury; removal of trimmings, rubbish,

debris, and other solid waste and the cleaning, sandblasting, and painting of walls and other improvements to remove or cover graffiti.

“Servicing” means the furnishing of electric current, or energy, gas or other illuminating agent for any public lighting facilities or for the lighting or operation of any improvements; maintaining, operating and servicing street and traffic safety lighting, and water for irrigation of any landscaping or the maintenance of any other improvements.

“Maintenance and Improvements” (“M&I”) identifies the type of improvement (e.g., re-landscaping a corridor or painting a wall); the estimated cost; any installments required for short-term (less than five years) and long term (not greater than 30 years) improvements, and the approximate schedule for completion of the improvements. These M&I are funded by fund balance monies. Fund balance monies are monies that have been collected in prior years in anticipation of being used for specific improvements and/or are intended for replacement or improvement of capital items within a district.

## ESTIMATE OF COST AND BUDGET FISCAL YEAR 2015-16

Figure 1 – Estimate of Cost and Budget for First Five Years

<b>Broadstone No. 4*</b> <b>First 5 Years only</b>			
General Maintenance			
Scheduled			\$7,600.00
Unscheduled			\$22,000.00
Proposed New Projects			
District Improvements			\$180,000.00
Landscape System Centralization			\$45,000.00
Irrigation Repairs - Drip and Sprinklers			\$12,000.00
Replace Trees/Shrubs			\$9,400.00
Infrastructure/Sidewalk Inventory & Repairs			\$9,500.00
Service Costs			
Streetlights/Electrical			\$5,500.00
Installment Costs			
Short-Term Installment Plan			\$8,000.00
Long-Term Installment Plan			\$9,400.21
<b>Total</b>			<b>\$308,400.21</b>
Assessment to Property			
	Total SFE	Assessment	
	Units	per SFE	
Zone A	482	\$130.39	\$62,845.57
Zone B	1079	\$124.20	\$134,011.80
Zone C	583	\$122.40	\$71,388.09
Zone D	334	\$120.08	\$40,154.75
<b>Total</b>	<b>2479</b>		<b>\$308,400.21</b>

<sup>1</sup> District Improvements will fund wall repair and improvement, maintenance and services identified in Figure 1 for the first two-three years of the proposed new assessment. Years three, four and five, these funds will be used for other improvements such as turf renovations, repair/repair sidewalks, tree care/removals.

\* Broadstone No. 4 supplements the existing Broadstone 1 & 2 L&L District. Budgets included here are a portion of the District's budgeting needs.

Figure 2 – Estimate of Cost and Budget After First Five Years

<b>Broadstone No. 4 Assessment Starting Year 6</b>			
General Maintenance			
	Scheduled		\$7,995.36
	Unscheduled		\$45,000.00
Installment Costs			
	Short-Term Installment Plan		\$12,000.00
	Long-Term Installment Plan		\$25,000.00
Total			\$89,995.36
Assessment to Property			
	Total SFE	Assessment	
	Units	per SFE <sup>2</sup>	
Zone A	482	\$38.05	\$18,340.10
Zone B	1079	\$36.24	\$39,106.41
Zone C	583	\$35.72	\$20,831.80
Zone D	334	\$35.04	\$11,717.05
Total	2479		\$89,995.36

<sup>2</sup> Starting year 6, this portion of the Assessment Rate will be subject to the Consumer Price Index (2021-22).

## METHOD OF APPORTIONMENT

This section of the Engineer's Report includes an explanation of the benefits to be derived from the maintenance and servicing of the proposed improvements and the methodology used to apportion the total assessment to properties within the Assessment District.

The Assessment District consists of all Assessor Parcels within the boundaries defined by the Assessment Diagram included within this report and the Assessor Parcel Numbers listed within the included Levy Roll. The parcels include all privately or publicly owned parcels within the boundaries. The method used for apportioning the assessment is based upon the proportional special benefits to be derived by the properties in the Assessment District over and above general benefits conferred on real property or to the public at large. The apportionment of special benefit is a two-step process: the first step is to identify the types of special benefit arising from the improvements, and the second step is to allocate the assessments to property based on the estimated relative special benefit for each type of property.

## DISCUSSION OF BENEFIT

In summary, the assessments can only be levied based on the special benefit to property. This benefit is received by property over and above any general benefits. Moreover, such benefit is not based on any one property owner's use of the Assessment District's other improvements covered by the Assessment or a property owner's specific demographic status. With reference to the requirements for assessments, Section 22573 of the Landscaping and Lighting Act of 1972 states:

*"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."*

Proposition 218, as codified in Article XIID of the California Constitution, has confirmed that assessments must be based on the special benefit to property:

*"No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel."*

Below is a summary of the types of special benefit to residential, commercial, industrial and other lots and parcels resulting from the installation, maintenance and servicing of other landscaping improvements to be provided with the assessment proceeds. These categories of special benefit are derived from the statutes passed by the California Legislature and other studies which describe the types of special benefit received by property from maintenance and improvements such as those proposed by the Assessment District. These types of special benefit are summarized as follows:

1. Proximity to improved landscaped areas within the Assessment District.
2. Access to improved landscaped areas within the Assessment District.
3. Improved views within the Assessment District.
4. Extension of a property's outdoor areas and green spaces for properties within close proximity to the improvements.
5. Improved nighttime visibility and safety from streetlights

In this case, the recent the SVTA v. SCCOSA decision provides enhanced clarity to the definitions of special benefits to properties in three distinct areas:

- Proximity
- Expanded or improved access
- Views

The SVTA v. SCCOSA decision also clarifies that a special benefit is a service or improvement that provides a direct advantage to a parcel and that indirect or derivative advantages resulting from the overall public benefits from a service or improvement are general benefits. The SVTA v. SCCOSA decision also provides specific guidance that park improvements are a direct advantage and special benefit to property that is proximate to a park that is improved by an assessment:

*the characterization of a benefit may depend on whether the parcel receives a direct advantage from the improvement (e.g. proximity to a park) or receives an indirect, derivative advantage resulting from the overall public benefits of the improvement (e.g. general enhancement of the district's property values).*

Proximity, improved access and views, in addition to the other special benefits listed above further strengthen the basis of these assessments.

## **BENEFIT FACTORS**

The special benefits from the improvements are further detailed below:

### **PROXIMITY TO IMPROVED LANDSCAPED AREAS WITHIN THE ASSESSMENT DISTRICT**

Only the specific properties within close proximity to the improvements are included in the Assessment District. Therefore, property in the Assessment District enjoys unique and valuable proximity and access to the improvements that the public at large and property outside the Assessment District do not share.

In absence of the assessments, the improvements would not be provided and the landscaping areas in the Assessment District would be degraded due to insufficient funding for maintenance, upkeep and repair. Therefore, the assessments provide improvements that are over and above what otherwise would be provided. Improvements that are over and above what otherwise would be provided do not by themselves translate

into special benefits but when combined with the unique proximity and access enjoyed by parcels in the Assessment District, they provide a direct advantage and special benefit to property in the Assessment District.

#### **ACCESS TO IMPROVED OPEN SPACE AND LANDSCAPED AREAS WITHIN THE ASSESSMENT DISTRICT**

Since the parcels in the Assessment District are nearly the only parcels that enjoy close access to the improvements, they directly benefit from the unique close access to improved landscaping areas that are provided by the Assessments. This is a direct advantage and special benefit to property in the Assessment District.

#### **IMPROVED VIEWS WITHIN THE ASSESSMENT DISTRICT**

The City, by maintaining these landscaped areas, provides improved views to properties in the Assessment District. The properties in the Assessment District enjoy close and unique proximity, access and views of the improvements; therefore, the improved and protected views provided by the Assessments are another direct and tangible advantage that is uniquely conferred upon property in the Assessment District.

#### **EXTENSION OF A PROPERTY'S OUTDOOR AREAS AND GREEN SPACES FOR PROPERTIES WITHIN CLOSE PROXIMITY TO THE IMPROVEMENTS**

In large part because it is cost prohibitive to provide large open land areas on property in the Assessment District, the residential, commercial and other benefiting properties in the Assessment District do not have large outdoor areas and green spaces. The landscaped areas within the Assessment District provide additional outdoor areas that serve as an effective extension of the land area for proximate properties because the improvements are uniquely proximate and accessible to property in close proximity to the improvements. The improvements, therefore, provide an important, valuable and desirable extension of usable land area for the direct advantage and special benefit of properties with good and close proximity to the improvements.

#### **IMPROVED NIGHTTIME VISIBILITY AND SAFETY FROM STREETLIGHTS**

Well maintained, effective street lighting provides special benefit to proximate parcels, within the range of the light, because it allows for use of the property in the evenings and night. Street lighting also provides special benefit as it increases safety and reduces the likelihood of crime on the proximate parcels.

### **GENERAL VERSUS SPECIAL BENEFIT**

The proceeds from the proposed Assessment District would be used to fund increased levels of maintenance and improvement to the grounds and public resources proximate the properties in the Assessment District. The Assessment District is specifically proposed for formation to provide additional resources in the Assessment District. In absence of the new assessments from the Assessment District, the current revenues are not sufficient for the proper and adequate maintenance of the landscaping, lighting and other public resources in the Broadstone L&L and the public resources in the Broadstone L&L would continue to deteriorate further, which would clearly adversely affect the value and



desirability of properties in the Assessment District. Therefore, the assessments solely provide special benefit to property in the Assessment District over and above the general benefits conferred by the general facilities of the City.

Although these improvements may be available to the general public at large, the landscaping within the Assessment District is specifically designed, located and created to provide additional and improved public resources for property inside the Assessment District, and not the public at large. Other properties that are either outside the Assessment District or within the Assessment District and not assessed, do not enjoy the unique proximity, access, views and other special benefit factors described previously. These improvements are of special benefit to properties located within the Assessment District because they provide a direct advantage to properties in the Assessment District that would not be provided in absence of the Assessments.

*Special Note Regarding General Benefit and the SVTA v. SCCOSA Decision:*

*There is no widely-accepted or statutory formula for calculating general benefit. General benefits are benefits from improvements or services that are not special in nature, are not "particular and distinct" and are not "over and above" benefits received by other properties. The SVTA vs. SCCOSA decision provides some clarification by indicating that general benefits provide "an indirect, derivative advantage" and are not necessarily proximate to the improvements.*

*Although the analysis used to support these assessments concludes that the benefits are solely special (i.e., benefits are 100% special and 0% general), as described above, consideration is made for the suggestion that a portion of the benefits are general. General benefits cannot be funded by these assessments - the funding must come from other sources.*

*The maintenance and servicing of these improvements is also partially funded, directly and indirectly from other sources including City of Folsom, the County of Sacramento and the State of California. This funding comes in the form of grants, development fees, special programs, and general funds, as well as direct maintenance and servicing of facilities (e.g. streets, drainage systems, etc.) This funding from other sources more than compensates for general benefits, if any, received by the properties within the assessments district.*

In the 2009 Dahms case, the court upheld an assessment that was 100% special benefit on the rationale that the services funded by the assessments were directly provided within the assessment district. It is also important to note that the improvements and services funded by the assessments in Pomona are similar to the improvements and services funded by the Assessments described in this Engineer's Report and the Court found these

improvements and services to be 100% special benefit. Also similar to the assessments in Pomona, the Assessments described in this Engineer's Report fund improvements and Services directly provided within the Assessment District and every benefiting property in the Assessment District enjoys proximity and access to the improvements. Therefore, Dahms establishes a basis for minimal or zero general benefits from the Assessments.

#### Step 1: Calculation of the General Benefit

The general benefits from this assessment may be quantified as illustrated in the following table.

Figure 3 – Benefit Matrix

Benefit Factor	Relative Weight	General Benefit Contribution	Relative General Benefit
Creation of parcels	88	0%	0
Proximity to open space	3	10%	0.3
Access to open space	3	10%	0.3
Improved views	3	10%	0.3
Improved nighttime visibility and safety from streetlights	3	20%	0.6
	100		1.5
	Total Calculated General Benefit =		1.5%

As a result, the City of Folsom will contribute at least 1.5% of the total budget from sources other than the assessment. The contribution offsets any general benefits from the Assessment Services.

#### Step 2: Calculation of Current General Benefit Contribution from City

The general benefit contribution is satisfied from the sum of the following components:

The City of Folsom owns, maintains, rehabilitates and replaces curb and gutter along the border of the Assessment Districts improvements. This curb and gutter serves to support, contain, retain, manage irrigation flow and growth, and provide a boundary for the improvements. The contribution from the City of Folsom toward general benefit from the maintenance, rehabilitation and replacement of the curb gutter is conservatively estimated to be 1%.

The City of Folsom owns and maintains storm drainage systems along the border of the Assessment District's improvements. This system serves to prevent flooding and associated damage to the improvements, and manage urban runoff including local pollutants loading from the improvements. The contribution from the City of Folsom towards general benefit from the maintenance and operation of the local storm drainage systems is conservatively estimated to be 1%.

The City of Folsom owns and maintains local public streets along the border of the Assessment District improvements. These public streets proved access to the

improvements for its enjoyment as well as efficient maintenance. The contribution from the City of Folsom towards general benefit from the maintenance of local public streets is conservatively estimated to contribute 1%.

The improvements were constructed by the original owner/developer(s) as a condition of development. The value of the construction of the improvements can be quantified and monetized as an annuity. Since this construction was performed and paid by non-assessment funds, this “annuity” can be used to offset general benefit costs, and is conservatively estimated to contribute 25%.

Therefore the total General Benefit that is conservatively quantified at 1.5% is more than offset by the total non-assessment contribution towards general benefit of 28%.

### ZONES OF BENEFIT

As part of the engineering work for this assessment, an analysis was conducted on the relationship (including proximity, level of service, etc.), between properties and the primary improvements located throughout the Assessment District. As a result four zones (A, B, C and D) were created as shown on the assessment diagram. Parcels in Zone B are determined to receive 95.25% of the level of special benefit of those within Zone A, parcels in Zone C are determined to receive 93.87% of the level of special benefit of those within Zone A and parcels in Zone D are determined to receive 92.23% of the level of special benefit of those within Zone A.

The *SVTA* decision indicates:

*In a well-drawn district — limited to only parcels receiving special benefits from the improvement — every parcel within that district receives a shared special benefit. Under section 2, subdivision (j), these benefits can be construed as being general benefits since they are not “particular and distinct” and are not “over and above” the benefits received by other properties “located in the district.”*

*We do not believe that the voters intended to invalidate an assessment district that is narrowly drawn to include only properties directly benefiting from an improvement. Indeed, the ballot materials reflect otherwise. Thus, if an assessment district is narrowly drawn, the fact that a benefit is conferred throughout the district does not make it general rather than special. In that circumstance, the characterization of a benefit may depend on whether the parcel receives a direct advantage from the improvement (e.g., proximity to park) or receives an indirect, derivative advantage resulting from the overall public benefits of the improvement (e.g., general enhancement of the district’s property values).*

In the Assessment District, the advantage that each parcel receives from the Improvements is direct, and the boundaries are narrowly drawn to include only parcels that

benefit from the assessment. Therefore, the even spread of assessment throughout each narrowly drawn Zone of Benefit is indeed consistent with the *SVTA* decision and satisfies the "direct relationship to the "locality of the improvement" standard.

## METHOD OF ASSESSMENT

As previously discussed, the assessments provide comprehensive Improvements that will clearly confer special benefits to properties in the Assessment District. The allocation of special benefits to property is partially based on the type of property and the size of property. These benefits can also partially be measured by the occupants on property in the Assessment District because such parcel population density is a measure of the relative benefit a parcel receives from the Improvements. It should be noted that many other types of "traditional" assessments also use parcel population densities to apportion the assessments. For example, the assessments for sewer systems, roads and water systems are typically allocated based on the population density of the parcels assessed. Therefore, the apportionment of benefit is reasonably based the type of parcel, the size of parcels and the population density of parcels.

The primary step in apportioning assessments is to determine the relative special benefit for each property. This process involves determining the relative benefit received by each property in relation to a single family home, or, in other words, on the basis of Single Family Equivalents (SFE). This SFE methodology is commonly used to distribute assessments in proportion to estimated special benefit and is generally recognized as providing the basis for a fair and appropriate distribution of assessments. For the purposes of this Engineer's Report, all properties are designated a SFE value, which is each property's relative benefit in relation to a single family home on one parcel. In this case, the "benchmark" property is the single family detached dwelling which is one Single Family Equivalent or one SFE.

In the process of determining the appropriate method of assessment, the Engineer considered various alternatives. For example, an assessment only for all residential improved property was considered but was determined to be inappropriate because commercial, industrial and other properties also receive direct benefits from the Improvements.

Moreover, a fixed or flat assessment for all properties of similar type was deemed to be inappropriate because larger properties receive a higher degree of benefit than other similarly used properties that are significantly smaller. (For two properties used for commercial purposes, there is clearly a higher benefit provided to the larger property in comparison to a smaller commercial property because the larger property generally supports a larger building and has higher numbers of employees, customers and guests that would benefit from proximity and improved access to well maintained and improved landscaped areas. So the potential population of employees or residents is a measure of the special benefits received by the property.) Larger parcels, therefore, receive an increased benefit from the assessments.

Finally, the special benefits to be derived from the proposed assessments will be conferred on property and are not based on a specific property owner's use of the improvements, or a specific property owner's occupancy of property or the property owner's demographic status such as age or number of dependents. However, it is ultimately people who value the special benefits described above and use and enjoy the Assessment District's landscaped areas. In other words, the benefits derived to property are related to the average number of people who could potentially live on, work at, or otherwise could use a property, not how the property is currently used by the present owner. Therefore, the number of people who could or potentially live on, work at or otherwise use a property is one indicator of the relative level of benefit received by a property.

In conclusion, the Assessment Engineer determined that the appropriate method of assessment apportionment should be based on the type and use of property, the relative size of the property, its relative population and usage potential and its proximity to landscaped areas. This method is further described below.

## RESIDENTIAL PROPERTIES

Certain residential properties in the Assessment District that contain a single residential dwelling unit are assigned one Single Family Equivalent or 1.0 SFE. Detached or attached houses, zero-lot line houses and town homes are included in this category of single family residential property. If there is more than one single family detached dwelling on a parcel, it will be charged one SFE per single family detached dwelling.

Properties with more than one residential unit (other than parcels with more than one detached single family dwelling as described above) are designated as multi-family residential properties. These properties benefit from the Improvements in proportion to the number of dwelling units that occupy each property, the average number of people who reside in multi-family residential units versus the average number of people who reside in a single family home and the relative size of each type of residential dwelling unit. The population density factors for the area in Sacramento County encompassing the Assessment District, as depicted in the following table, provide the basis for determining the SFE factors for residential properties. Using the total population in a certain property type in the area from the 2010 Census and dividing it by the total number of such households, finds that approximately 2.91 persons occupy each single family residence, whereas an average of 2.12 persons occupy each condominium. The ratio of 2.91 people on average for a single family residence and 2.12 people per dwelling unit in a condominium unit results in a population density equivalent of 0.73 for condominiums. Next, the relative building areas are factored into the analysis because special benefits are related to the average size of a property, in addition to average population densities. For a condominium, this calculation results in an SFE factor of 0.40 per dwelling unit. A similar calculation is used for the SFE Rates for other residential property types.

**Table 1 – Residential Density and Assessment Factors**

Type of Residential Property	Pop. Density Equivalent	SqFt Factor	SFE Factor
Single Family Residential	1.00	1.00	1.00
Condominium	0.73	0.55	0.40
Duplex, Triplex, Fourplex	0.64	0.42	0.27
Multi-Family Residential (5+ Units)	0.64	0.34	0.22
Mobile Home on Separate Lot	0.45	0.45	0.20

The single family equivalency factor of 0.22 per dwelling unit for multifamily residential properties of 5 or more units applies to such properties with 20 or fewer units. Properties in excess of 20 units typically offer on-site recreational amenities and other facilities that tend to offset some of the benefits provided by the improvements. Therefore the benefit for properties in excess of 20 units is determined to be 0.22 SFE per unit for the first 20 units and 0.10 SFE per each additional unit in excess of 20 dwelling units.

#### COMMERCIAL/INDUSTRIAL PROPERTIES

SFE values for commercial and industrial land uses are based on the equivalence of special benefit on a land area basis between single family residential property and the average commercial/industrial property. The SFE values for various commercial and industrial land uses are further defined by using average employee densities because the special benefit factors described previously can be measured by the average number of people who work at commercial/industrial properties.

In order to determine employee density factors, the findings from the San Diego Association of Governments Traffic Generators Study (the "SANDAG Study") are used because these findings were approved by the State Legislature as being a good representation of the average number of employees per acre of land area for commercial and industrial properties. As determined by the SANDAG Study, the average number of employees per acre for commercial and industrial property is 24.

In comparison, the average number of people residing in a single family home in the area is 2.91. Since the average lot size for a single family home in the Assessment District is approximately 0.20 acres, the average number of residents per acre of residential property is 14.55.

The employee density per acre is generally 1.65 times the population density of single family residential property per acre (24 employees per acre / 14.55 residents per acre). Therefore, the average employee density can be used as the basis for allocating benefit to commercial or industrial property since a commercial/industrial property with 4.8 employees receives generally similar special benefit to a residential property with 1

resident. This factor of equivalence of benefit between 1 resident to 4.8 employees is the basis for allocating commercial/industrial benefit. Table 2 below shows the average employees per acre of land area or portion thereof for commercial and industrial properties and lists the relative SFE factors per quarter acre for properties in each land use category.

Commercial and industrial properties in excess of 5 acres generally involve uses that are more land intensive relative to building areas and number of employees (lower coverage ratios). As a result, the benefit factors for commercial and industrial property land area in excess of 5 acres is determined to be the SFE rate per quarter acre for the first 5 acres and the relevant SFE rate per each additional acre over 5 acres.

Institutional properties that are used for residential, commercial or industrial purposes are also assessed at the appropriate residential, commercial or industrial rate.

**Table 2 – Commercial/Industrial Density and Assessment Factors**

<i>Type of Commercial/Industrial Land Use</i>	<i>Average Employees Per Acre <sup>1</sup></i>	<i>SFE Units per Quarter Acre <sup>2</sup></i>	<i>SFE Units per Acre After 5</i>
Commercial	24	0.500	0.500
Office	68	1.420	1.420
Shopping Center	24	0.500	0.500
Office	24	0.500	0.500
Self Storage or Parking Lot	1	0.021	
Golf Course	0.80	0.033	
Cemeteries	0.10	0.004	
Agriculture	0.05	0.002	

1. Source: San Diego Association of Governments Traffic Generators Study.

2. The SFE factors for commercial and industrial parcels are applied by the quarter acre of land area or portion thereof. (Therefore, the minimum assessment for any assessable parcel in these categories is the SFE Units listed herein.) The rates apply up to first 5 acres of parcel size. Additional acreage is benefited at the rate shown above per acre or portion thereof.

## VACANT PROPERTIES

The benefit to vacant properties is determined to be proportional to the corresponding benefits for similar type developed properties; however, at a lower rate due to the lack of improvements on the property. A measure of the benefits accruing to the underlying land is the average value of land in relation to Improvements for developed property. The SFE factor for vacant/undeveloped parcels is 0.25 per parcel.

The benefit to undeveloped properties is determined to be proportional to the corresponding benefits for similar type developed properties, but at a lower rate due to the lack of improvements on the property. A measure of the benefits accruing to the underlying land is the average value of land in relation to Improvements for developed property. An

analysis of the assessed valuation data from the County of Sacramento found that approximately 25% of the assessed value of improved properties is classified as the land value. It is reasonable to assume, therefore, that approximately 25% of the benefits are related to the underlying land and 75% are related to the improvements and the day-to-day use of the property. Using this ratio, the SFE factor for vacant/undeveloped parcels is 0.25 per parcel.

## **OTHER PROPERTIES**

Article XIID stipulates that publicly owned properties must be assessed unless there is clear and convincing evidence that those properties receive no special benefit from the assessment.

All properties that are specially benefited are assessed. Other publicly owned property that is used for purposes similar to private residential, commercial, industrial or institutional uses is benefited and assessed at the same rate as such privately owned property.

Miscellaneous, public right-of-way parcels, well, reservoir or other water rights parcels, limited access open space parcels, watershed parcels and common area parcels typically do not generate employees, residents, customers or guests. Moreover, many of these parcels have limited economic value and, therefore, do not benefit from specific enhancement of property value. Such parcels are, therefore, not specially benefited and are not assessed.

## **CONSUMER PRICE INDEX ADJUSTMENTS**

The maximum assessment rate within the Assessment District may increase in future years by an amount equal to the annual change in the San Francisco Bay Area Consumer Price Index, not to exceed 3% per year. In the event that the annual change in the CPI exceeds 3%, any percentage change in excess of 3% can be cumulatively reserved and can be added to the annual change in the CPI for years in which the CPI change is less than 3%.

## **RATE FOR INITIAL YEAR OF ASSESSMENT**

This assessment is designed to facilitate the capital-intensive activities of sound wall, landscaping and deferred maintenance. Therefore, for the first five years, the rates will be for Zone A: \$130.39, for Zone B: \$124.20, for Zone C: \$122.40 and for Zone D: \$120.08. After the fifth year, the rates will be for Zone A: \$38.05, for Zone B: \$36.24, for Zone C: \$35.72 and for Zone D: \$35.04 per SFE, plus CPI adjustment, to support the servicing and maintenance of improvements.



## ASSESSMENT

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The City Council of the City of Folsom, County of Sacramento, California, pursuant to the provisions of the Landscaping and Lighting Act of 1972 and Article XIII D of the California Constitution (collectively "the Act"), directed the formation of Broadstone No. 4 Landscaping and Lighting District;

The Council directed the undersigned Engineer of Work to prepare and file a report presenting an estimate of costs, a diagram for the Assessment District and an assessment of the estimated costs of the improvements upon all assessable parcels within the Assessment District, to which the description of the proposed improvements is therein contained, reference is hereby made for further particulars;

The undersigned, by virtue of the power vested in me under the Act and the order of the City Council of the City of Folsom, hereby make the following assessment to cover the portion of the estimated cost of the improvements, and the costs and expenses incidental thereto to be paid by the Assessment District.

The amount to be paid for the improvements and the expense incidental thereto, to be paid by the Broadstone No. 4 Landscaping and Lighting District for the fiscal year 2015-16 is generally as follows:

Figure 4 – Summary of Combined Cost Estimate

General Maintenance	\$29,600.00
Proposed New Projects	\$255,900.00
Service Costs	\$5,500.00
Installment Costs	\$17,400.21
Net Amount to Assessment	\$308,400.21

As required by the Act, an Assessment Diagram is hereto attached and made a part hereof showing the exterior boundaries of the Broadstone No. 4 Landscaping and Lighting District. The distinctive number of each parcel or lot of land in the District is its Assessor Parcel Number appearing on the Assessment Roll.

And I do hereby assess and apportion the net amount of the cost and expenses of the improvements, including the costs and expenses incident thereto, upon the parcels and lots of land within the City of Folsom, Broadstone No. 4 Landscaping and Lighting District, in accordance with the special benefits to be received by each parcel or lot, from the improvements, and more particularly set forth in the Cost Estimate and Method of Assessment hereto attached and by reference made a part hereof.

The assessment is made upon the parcels or lots of land within the Broadstone No. 4 Landscaping and Lighting District in proportion to the special benefits to be received by the parcels or lots of land, from the improvements.

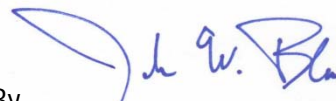
The assessment is subject to an annual adjustment tied to the Consumer Price Index for the San Francisco Bay Area as of December of each succeeding year (the CPI), with the maximum annual adjustment not to exceed 3%. In the event that the actual assessment rate for any given year is not increased by an amount equal to the CPI change, any such deferred assessment increase may be added to the total amount assessed in any subsequent year. In such event, the maximum authorized assessment amount shall be equal to the base year assessment as adjusted by the increase to the CPI, plus any and all CPI adjustments deferred in any and all prior years. (This mechanism may be applied to the capital improvements and deferred and ongoing maintenance portions of the assessment.)

Each parcel or lot of land is described in the Assessment Roll by reference to its parcel number as shown on the Assessor's Maps of the County of Sacramento for the fiscal year 2015-16. For a more particular description of the property, reference is hereby made to the deeds and maps on file and of record in the office of the County Recorder of the County.

I hereby place opposite the Assessor Parcel Number for each parcel or lot within the Assessment Roll, the amount of the assessment for the fiscal year 2015-16 for each parcel or lot of land within the Broadstone No. 4 Landscaping and Lighting District.

Dated: April 30, 2015

Engineer of Work



By \_\_\_\_\_  
John W. Bliss, License No. C52091



## ASSESSMENT DIAGRAM

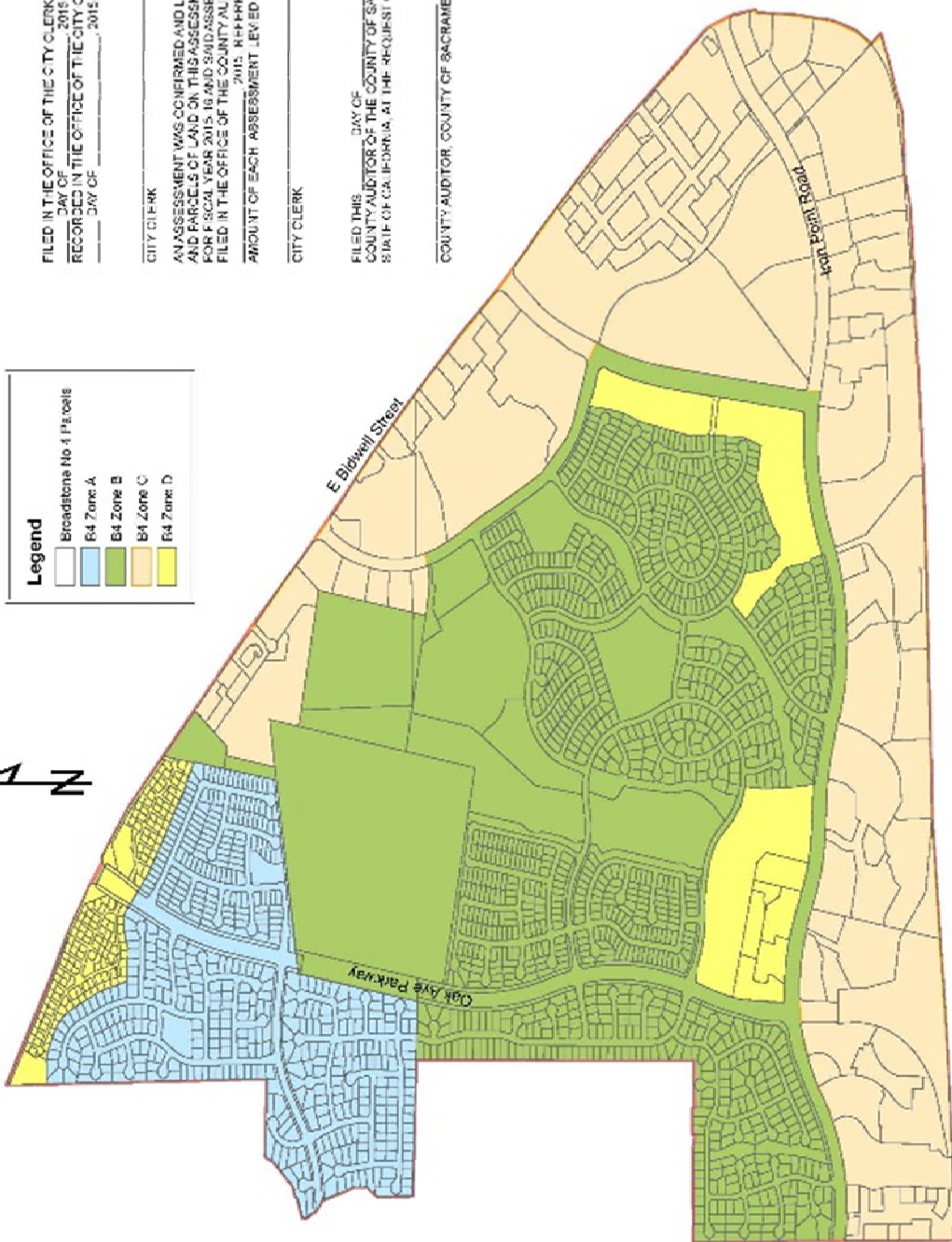
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The boundaries of the Broadstone No. 4 Landscaping and Lighting District in the City of Folsom are displayed on the following Assessment Diagram.



**Legend**

[White box]	Broadstone No 4 Parcels
[Light Blue box]	R4 Zone A
[Light Green box]	B4 Zone B
[Light Orange box]	B4 Zone C
[Yellow box]	R4 Zone D



FILED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF FOLSOM, COUNTY OF SACRAMENTO, CALIFORNIA, THIS  
 DAY OF \_\_\_\_\_, 2015. CITY CLERK  
 RECORDED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF FOLSOM, COUNTY OF SACRAMENTO, CALIFORNIA, THIS  
 DAY OF \_\_\_\_\_, 2015.

CITY CLERK \_\_\_\_\_

AN ASSESSMENT WAS CONFIRMED AND LEVIED BY THE CITY COUNCIL OF THE CITY OF FOLSOM ON THE LOTS, PIECES  
 AND PARCELS OF LAND ON THIS ASSESSMENT DIAGRAM ON THE \_\_\_\_\_ DAY OF \_\_\_\_\_, 2015  
 FOR FISCAL YEAR 2015. TO SAID ASSESSMENT DIAGRAM AND THE ASSESSMENT ROLL FOR SAID FISCAL YEAR WERE  
 FILED IN THE OFFICE OF THE COUNTY AUDITOR OF THE COUNTY OF SACRAMENTO ON THE \_\_\_\_\_ DAY OF \_\_\_\_\_  
 2015. HEREBY MADE TO SAID RECORD AND ASSESSMENT ROLL FOR THE EXACT  
 AMOUNT OF EACH ASSESSMENT LEVIED AGAINST EACH PARCEL OF LAND.

CITY CLERK \_\_\_\_\_

FILED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2015 AT THE HOUR OF \_\_\_\_\_ O'CLOCK \_\_\_\_\_ M. IN THE OFFICE OF THE  
 COUNTY AUDITOR OF THE COUNTY OF SACRAMENTO,  
 STATE OF CALIFORNIA, AT THE REQUEST OF THE BOARD OF THE CITY OF FOLSOM.

COUNTY AUDITOR, COUNTY OF SACRAMENTO

NOTE: REFERENCE IS HEREBY MADE TO THE MAPS AND RECORDS  
 OF RECORDS IN THE OFFICE OF THE ASSESSOR OF THE  
 COUNTY OF SACRAMENTO FOR A DETAILED DESCRIPTION OF  
 THE LOTS AND DIMENSIONS OF ANY PARCELS SHOWN  
 HEREON. THOSE MAPS SHALL GOVERN FOR ALL DETAILS  
 CONCERNING THE LINES AND DIMENSIONS OF SUCH PARCELS.  
 EACH PARCEL IS IDENTIFIED BY SAID MAPS BY ITS  
 DISTINCTIVE ASSESSOR'S PARCEL NUMBER.

CITY OF FOLSOM  
 BROADSTONE NO. 4 LANDSCAPING AND LIGHTING SSESMENT DISTRICTS  
 ASSESSMENT DIAGRAM

## ASSESSMENT ROLL

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An Assessment Roll (a listing of all parcels assessed within the Landscaping and Lighting Assessment District and the amount of the assessment) has been filed with the City Clerk and is, by reference, made part of this report and will be available for public inspection during normal office hours.

Each lot or parcel listed on the Assessment Roll is shown and illustrated on the latest County Assessor records and these records are, by reference made part of this report. These records shall govern for all details concerning the description of the lots or parcels.